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OCTOBER, 1933
Vol. XXII No. 1

The CREDIT WORLD

Gold Standard-- Or Credit Standard?

WHAT is gold? Just a medium of exchange. Yet men die for it--nations fight for it--forgetting that with proper credit standards money standards would be secondary.

--D. J. Woodlock.



The old prospector is still a familiar figure in our Western country, spending his life in search of that elusive metal--Gold.

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MAGAZINE OF



RETAIL CREDIT

The "Ad-of-the-Month" for October from the New "Pay Promptly" Campaign

This Is a Time For Plain Talk!

TWELVE ADS:

Twelve ads in the campaign, each covering a vital phase of consumer credit.

For complete description, write for new "Pay Promptly" Portfolio.

Sample advertisement (in 4" x 6" size) shown at right.

And this is a straight-from-the-shoulder message to those who, unintentionally perhaps, make "hard times" harder by needlessly delaying the payment of past due accounts

*I*N this community, as in every community, there are people who are making "hard times" harder by taking advantage of conditions.

Fortunate in being employed or having a steady income, they make things harder for those less fortunate.

They spread fear by thinking and talking "hard times." They help to spread unemployment through curtailed buying of things they need and could afford to buy.

They work hardships on merchants and professional men and their employees—by thoughtlessly and needlessly delaying the payment of bills until they are long past due.

They make small payments on already overdue accounts, pleading "hard times," while others stint

themselves to keep up their records for promptly meeting their obligations—in full—when due.

Either way, they are not only working hardships on everyone else—they are fostering a condition which will eventually react on them. For credit works in circles: Withholding payment from the retailer impedes prompt payment to the manufacturers, producers and workers. Each, in turn, suffers.

If everyone who can would—

*pay up their past due accounts—
then use their credit to buy things they actually need—
and resolve to pay future bills promptly by the 10th—*

it would go farther toward improving business and making more jobs for the unemployed than all the current talk on the subject!

THREE SIZES:

Each ad furnished in three sizes at the following prices (which include mats):

8x12 in.	\$2.00 each
6x9 in.	1.50 each
4x6 in.	1.25 each

*Use your credit freely and pay all bills
by the 10th or promptly as agreed*



PUBLISHER NOTE CAREFULLY: This Space Is for Local Association Signature to be Set by You.

Cut off small brackets at each outside corner of advertisement which are placed there to indicate exact size of space. This ad must be run at bottom of page.

"Month-in-month-out" advertising is the only kind that pays—in selling better collections as well as in selling merchandise. A few dollars a month invested in "Pay Promptly" Advertising pays big dividends.

*Bureau managers, credit managers, and newspaper executives—
interested in "Pay Promptly" Advertising—write for literature
explaining the complete campaign and the "Ad-of-the-Month" plan.*

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

SAINT LOUIS, MO.

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

October, 1933

Vol. XXII

No. 1

EDITORIAL AND EXECUTIVE OFFICES

1218 Olive Street

St. Louis, Missouri

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GUY H. HULSE.....*Associate Editor*
DANIEL J. HANNEFIN.....*Associate Editor*

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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription, \$2.00.

This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

Important Notice!

The Suit In Equity--

United States of America

vs.

National Retail Credit Assn., et al.,

has been settled
by
Consent Decree

Full Details--
Pages 8 and 9--
This Issue--

EDITORIAL COMMENT

D. J. WOODLOCK

Lifting the Credit Man Out of a "Job" and Into a Profession

THE tens of thousands of business men who have in the past minimized the importance of the credit manager and scoffed at the idea of making a profession of the business of credit granting, are finding it hard to harmonize their views with the happenings of the past three years.

Every sensible man realizes that the primary cause of our business and banking collapse was unwise and reckless credit.

Every movement of the administration economists and others who are attempting to restore order out of chaos has as a fundamental feature the restoration of credit. In fact, there can be no permanent improvement unless it is built upon credit. Sound credit means confidence, increased buying power, increased spending and speeding up of all business, because credit is the motivating force of trade.

With these thoughts in mind, the question is asked: "How are we to create the man power with the training and ability to handle credit in the future?"

The answer is simple. We must recognize credit granting as a profession as important to our businesses as the medical profession is to our physical well-being. We must provide the credit manager with all the advantages of education in his profession—we must give him an opportunity to exchange ideas with others in his profession and learn from multiplied experience and—*membership in the National Retail Credit Association gives all these advantages.*

Why is it then that only fifteen thousand of the million retailers of the country have availed themselves of the advantages of the N. R. C. A., particularly when an analysis of the records of members and nonmembers shows that the accounts receivable of members of the N. R. C. A. were more liquid, the losses smaller, the collection turnovers greater, than those of nonmembers?

Possibly we ourselves, the members of the National Retail Credit Association, have not encouraged or invited others to join us. We are enthusiastic about the NRA, our church affiliations, our lodge memberships, yet we fail to do the very thing which will make our own profession great—*invite new members.*

Let's try it for the next thirty days. If every present member will enroll one new member, it will mean thirty thousand individuals working for better credits—for better credit understanding.

The time is opportune! Will you "do your part"?

» » »

Thank You!

ON SEPTEMBER 15 we sent each credit bureau manager a press release entitled "Paying Now Is as Important as Buying Now," in which we pointed out that payment of past due accounts on the books of retailers would release millions of dollars to go back into circulation.

Because of the cooperation of these bureau managers, this article was featured in news and editorial items in three hundred and forty-seven newspapers, reaching millions of individuals. This is the kind of work that counts!

» » »

Currency Inflation or Credit Expansion?

WHEN we consider that only 10 per cent of the nation's business is done with cash, we are inclined to feel that what we need now is credit expansion—not currency inflation.

Experts contend that if new currency (even two or three billion dollars) was issued, it would be only a short time before it found its way to the banks and retired from circulation.

On the other hand, expansion of credit actually makes bank deposits which are used as cash. As banks increase their loans, their deposits increase. For example, a bank lends \$1,000.00 to a reputable citizen, who uses this money to pay his bills to retailers, physicians, dentists, and so on, who in turn deposit his payments in their banks. As the banks' deposits increase, they can increase their loans and thus everyone is benefited.

Regardless of all the publicity about liberalizing bank credit, there is still a fear on the part of the banks that they may not be classified as highly liquid and bankers generally are niggardly and reluctant to loosen up credit.

It would appear that one of the best things we can do now is to facilitate the reopening of closed banks now holding five billions of deposits. Re-

lease of part of this would mean increasing circulation. The President has urged credit inflation, and this must start with the banks. If they liberalize credit, there will be an easier time and more confidence in all business.

(Note: Since this editorial was written the administration has announced its intention to provide funds to banks to facilitate loans to businesses conforming to the NRA requirements.)

» » »

More About "Monthly Charge Accounts"

OUR editorial comment on the suggestion of Mr. W. W. Weir that retail credit managers classify open charge accounts as "Monthly Charge Accounts" instead of "Thirty-Day Accounts" brought a flood of letters of approval and the further suggestion that instead of printing the usual "Accounts Are Payable by the 10th of the Month Following Purchase" on statements and bills, we make our terms more specific by stating "Monthly Charge Accounts Are Due on the First of the Month and Overdue After the 10th"—all of which indicates that retail credit managers are awake to the necessity of positive terms.

» » »

Credit Women's Breakfast Clubs

WRITING in the *Retail Ledger* recently, your editor referred to the Credit Women's Breakfast Club of Spokane as a unique organization. This immediately brought a storm of friendly protests from the Northwest, as it appears there are six such clubs now functioning in that section of the country and the idea originated in Portland, Oregon.

We quote the following from a letter of Miss Catherine V. Goodale, Secretary of the Portland Club, so that our members in other sections of the country may know how the idea has developed within three years:

The Credit Women's Breakfast Club was organized at Portland, Oregon, April 16, 1930, by Miss Edith Shaw of the Credit Reporting Company and was the first of its kind in the United States. There are now six such clubs in the Northwest, including Portland, Spokane, Seattle, Vancouver, B. C., Salem, Oregon, and a very new one at Albany, Oregon.

The object of the club is to develop a closer contact with other credit women, to cooperate with the Retail Credit Association and to educate the public into learning the value of prompt pay and a good credit record. Women interested in credit work and employed by a firm belonging to the Retail Credit Association are eligible to join.

The Credit Women's Breakfast Club of Portland holds its meetings the first and third Tuesday of each month at 7 o'clock, at the Oregon Grille and in spite of the early hour a goodly number are always in attendance and interesting and varied programs can always be relied upon.

» » »

The Trend in Personal Finance Loans

THE depletion of tangible assets and unemployment have reduced the number of persons considered as satisfactory credit risks by personal finance companies.

Only thirty-four out of every hundred applications were accepted during the past year, while in good times seventy out of every hundred was the average.

Losses due to nonpayment were reported to have increased from 1.58 per cent in 1929 to 2.21 per cent in 1931 and 4.16 per cent in 1932.

These figures are summarized in *Personal Finance News* for September.

» » »

A Noteworthy Consolidation

THE Merchants Credit Bureau, Inc., of Boston, has purchased the credit files and records of the Credit Reporting Company of New England. By this purchase, the Merchants Bureau consolidates with its records those of one of the oldest credit agencies in the country.

Sponsored by the leading retailers and credit managers of Boston, the Merchants Credit Bureau opened its offices only three years ago, under the able management of Charles F. Sheldon. The most modern equipment and up-to-the-minute systems enabled it to render exceptionally efficient service, attracting an ever-increasing number of subscribers and causing it to be recognized as one of the outstanding credit bureaus of the land.

» » »

William ("Bill") Starr

THOUSANDS of credit managers who regularly attend the conventions of the National Retail Credit Association will rejoice to learn that William Starr, who for thirty years was connected with the Credit Reporting Company of New England, is now contact man for the Merchants Credit Bureau of Boston.

"Bill," as he is best known to credit managers in all parts of the country, was for twenty-five years secretary of the Boston Association of Retail Credit Men, and for four years in charge of Group Conferences of the N. R. C. A. He also designed the emblem of the Association, which was adopted at the Rochester, New York, Convention in 1913.



Why We Changed to Unit Posting

By J. D. KEMPER

General Office Manager, Mandel Brothers, Chicago, Ill.

THE dual versus unit plan of posting has been a much discussed question among controllers for a number of years, the proponents of each defending their particular system. The dual plan, as you know, has been considered the safest inasmuch as it reduces the likelihood of error to a minimum.

Its operation is simple. The posting clerk posts the totals of the sales checks to the ledger and accumulates a total which is handed to the bookkeeper at completion of the run. The same checks are then given to the billing clerk who itemizes the purchases on customers' bills, also accumulating a total. The billing clerk likewise gives her total to the bookkeeper, who thereupon compares the two, and if in agreement, the day's posting and billing are considered correct. This assumption is based on the theory that both poster and biller have picked up the same old balance on the customer's account, thereby proving that both operators have entered the item on the proper account.

However, while this is probably as nearly 100 per cent correct as possible, it can be plainly seen that if a customer owes no old balance to pick up, the poster could post the item on one account and the biller could bill the item on an entirely different account—on which also there was no old balance owing. Therefore, even the much acclaimed dual plan is not infallible.

We have been for many years laboring under the impression that we had one of the most efficient dual operations in existence. This impression was further fostered by visitors from various cities coming in to see our installation, and telling us how remarkable it was.

However, it was a delusion, and sooner or later we were in the same position as the Italian who was bragging about the wonders of Mount Vesuvius, until he one day encountered an American who told him they had a Niagara Falls over in the United States that could put out Vesuvius in about ten minutes!

One day two years ago a couple of visitors from our national capital happened to drop in to look over our magnificent dual system, and while they thought it was undoubtedly very efficient, they also thought it rather costly. They thereupon proceeded to preach the advantages of the unit plan.

We had from time to time considered the advantages of the unit plan, which operation, of course, means that

both the posting and billing are done at one and the same time by the same operator without, however, any absolute check to determine whether or not the item has been posted on the correct account. Now there are a large number of unit plans in operation, and according to the stores who operate them, they are successful.

But we had never determined to our satisfaction that the unit plan could be operated successfully because of the likelihood of errors, with consequent complaints from customers of incorrect billing. We were unwilling to sacrifice the safety of the dual system in order to benefit by the small saving a change to the unit plan might give us.

However, last spring we received a visit from a gentleman who opened up his sample case and showed us a very neat unit operation which centered about a blind locked register, a trick carbon, and a machine set-up peculiarly adapted to that particular feature. He called this system the "Positive Proof of Accuracy." He induced us to install two of his attachments on our bookkeeping machines, and the result of the test was so satisfactory that we decided to switch from the dual to the unit plan.

We went a step further: We even eliminated our ledgers and decided to use the duplicate copy of our customer's bill as the ledger sheet. In eliminating the ledger sheet we eliminated the yearly analysis of our customers' accounts which we had been making in the past, 95 per cent of which was information we never used.

We have eliminated many other little details in our various bookkeeping operations which, while we thought them absolutely essential under the dual plan, we have found to be nonessential, and while here and there slight inconvenience has developed, we seem to be just as happy without them.

The unit plan, as we operate it, is not, however, without some disadvantages. For example, because we have eliminated the running ledger account, it is necessary that we transfer all open balances from the previous month to the new month's bills. This is done the first of the month and the proof sheet which is run at this operation constitutes our trial balance. This operation requires two days, and as a result, we are not able to post any of the new month's business until the fourth business day of the new month, which, of course, delays the sales checks

We have the full cooperation of our operators, and while their number has been reduced their average earn-

The credit men and their assistants also go through these "slow" books and write or telephone as they see fit, also placing "stops" and other limit restrictions on these accounts which require it by filling out the form marked "Exhibit B."

(Continued on page 7.)

OCTOBER, 1933

FD-204 (Rev. 1-25-60)

No. _____

Address _____

Name _____

Occupation _____

Firm _____

Bus. Address _____

Appn. Made by _____

Rating _____

Real Estate _____

Reference _____

To _____

Wife's Name _____

Idt. No. _____

Opened on _____ by _____

LIMIT, RESTRICTIONS and TERMS _____

FR-675

ACCOUNTS

REGULAR

HOTEL & CONTRACT

HOUSE

CO-OPERATIVE

INTER-ICE

HOTEL RECEIVABLE

LEGAL OFFICE OPEN

LEGAL OFFICE CO-OP

LEGAL OFFICE

OUTSTANDING 1ST OF MO.

THIS YEAR 1933

LAST YEAR 1932

Year _____

Loan _____

Gross Payroll _____

Refugee _____

Net Payroll _____

Highest Credit _____

Habit of Pay _____

Inactive Source _____

F 770-A 25 Nov. 57-10

3
SPECIAL TERMS OF AGREEMENT

Rec. Folio _____ Date _____ 193__

NAME _____

ADDRESS _____

MERCHANDISE _____ AMOUNT \$ _____

I hereby agree to pay for the above described merchandise on the following basis:

(D)

APPROVED BY _____ SIGNATURE _____

DAILY COLLECTION

Opened on _____

To _____

Wife's Name _____

Id. No. _____

By _____

LIMIT, RESTRICTIONS and TERMS _____

(D)

APPROVED BY _____

SIGNATURE _____

DAILY COLLECTION REPORT

ACCOUNTS	OUTSTANDING 1ST OF MONTH		DAILY COLLECTIONS		TOTAL COLLECTIONS FOR MONTH TO DATE			
	THIS YEAR 1933	LAST YEAR 1932	THIS YEAR 1933	SAME DAY LAST YEAR '32	THIS YEAR 1933	\$	LAST YEAR 1932	\$
REGULAR								
HOTEL & CONFRONT								
HOUSE								
CO-OPERATIVE								
METER-ICE								
NOTES RECEIVABLE								
LEGAL OFFICE OPN								
LEGAL OFFICE CO-OP								
LEGAL OFFICE NOTES								
LEGAL OFFICE A & M								
TOTAL								

(F)

THE CREDIT WORLD

Why We Changed to Unit Posting

(Continued from page 5.)

The machine operators, upon posting an item to an account which takes it over its prescribed credit limit, fill out the card marked "Exhibit C." This is then turned over to the credit man for his information and disposition.

The operators also report all payments in full on accounts which bear a limit restriction, in order that the credit man may remove such restriction. All changes in limit or address, or any other information, are made on each customer's addressograph plate and a form showing the correction is sent to each interested quarter.

If the credit man makes a special arrangement for payment of an account that extends beyond our customary 30-day terms the form marked "Exhibit D" is filled out in triplicate, one copy of which is given to the bookkeeper in order that the necessary notation may be made on the customer's ledger sheet to prevent a statement being mailed because of delinquency. This is further safeguarded by the preparation of a collection record sheet on green paper.

The Credit Office maintains a credit record on every customer ("Exhibit E") on which is typed all of the information appearing on the customer's application for credit, as well as the replies we receive from references and throughout the life of the account each change is duly recorded. On the right-hand side of the record in column headed "Limit, Restrictions and Terms" is recorded the original credit limit, and thereafter all restrictions, past due indebtedness, etc., as each transaction takes place.

On the reverse side of the record (partly shown below "wavy" line in "Exhibit E") you will find a series of squares at the bottom, in which we formerly recorded our yearly analysis of each customer's account, showing the information listed thereon. However, with the installation of the unit plan we have discontinued this analysis as we found that while we analyzed all of our customers' accounts, fully 95 per cent were not referred to. Our present plan is to make an analysis only of those accounts on which we desire information—at the time such information is desired.

After the "slow" books are revised each month a collection forecast is prepared—"Exhibit G." This forecast shows the amount outstanding on all classes of accounts at the first of the month compared with the same period a year ago, and shows the planned collections as well as the actual collections of a year ago. It also discloses how much of the total outstanding accounts are past due.

At the end of the month the actual collections that have been made are entered in the proper column and this is then compared with the actual collections of a year ago as well as the planned collections.

It is surprising to note how closely our actual collections come to our planned collections. We usually set our planned collections figure within reason, and through the medium of our Daily Collection Report ("Exhibit F") we are able to get a daily picture of our progress.

A Tale of Three Merchants

By Louis S. Grigsby, General Manager, Philadelphia Credit Bureau

ACT ONE

Time: Spring, 1929

Scene One:

Private office of Mr. Blank of Blank & Blank, Dry Goods.

Mr. Blank dictating to his secretary:

"Call Jones and tell him to okay that display ad; wait a minute, tell him to make it two pages. Tell Smith to get those 8-page handouts ready for Tuesday. Call up White and tell him I want the store floodlighted next week. That's all.

"What's this? Wait a minute. Get the credit manager on the phone. What is the matter with that man? Every month a credit bureau bill like this. He's gotta cut it out."

Scene Two:

Mr. Jack, President of Jack & Jack, Dry Goods, is talking to his superintendent:

"Now, get this, want that delivery fleet of trucks snapped up. Make it robins egg blue with crimson trim. Want those boys in full uniform all the time.

"How about those twenty models for the style show? Everything all set?

"By the way, I think we ought to do over the beauty parlor. Make it old rose and gold. Must have everything modern to the minute, you know.

"Tell Jones, the credit manager, we want more charge accounts. Tell him to solicit some new business but no money, you know. No more expense in that department."

Scene Three:

Mr. Moe, President of Moe & Moe, Dry Goods, talking to the credit manager:

"Now listen, we gotta have volume. You gotta loosen up. Don't be so particular. Give up some credit. How can I do any business when all the time the buyers say you push away the trade. Cut it out. On those installment accounts give six more months terms. Cut down payments to 5 per cent; we can make plenty that way.

"Now please don't interrupt. Remember I am the boss here. Don't forget, more volume; loosen up, that's good."

ACT TWO

Time: Spring, 1933

Scene One:

Mr. Blank talking to his auditors:

"Why man, it is not true. Blank & Blank insolvent? Why, I can't believe it. You say the receivables are worth 40 per cent of ledger value—oh, my—"

Scene Two:

Mr. Jack talking to his attorney:

"The bank turned me down. We can't do it. My father's business gone in the hands of receivers. What an ending. Make out the papers, Tom; I am all washed up."

Scene Three:

Mr. Moe talking on the telephone:

"Well, mamma, it's the sheriff. Good-bye."

The Consent Decree in Suit in Equity

United States of America

vs.

National Retail Credit Association, et al.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI

THE UNITED STATES OF AMERICA,
Petitioner,

—VS—

NATIONAL RETAIL CREDIT ASSOCIATION,
RETAIL CREDIT MEN'S NATIONAL AS-
SOCIATION, GUY H. HULSE, DAVID J.
WOODLOCK, ARTHUR P. LOVETT,
JOHN N. KEELER, M. G. RILEY, L. S.
GILBERT, GEORGE B. ALLAN, AND J.
E. R. CHILTON, JR.,

Defendants.

In Equity
No. 10420.

DECREE

This cause coming on to be heard this 6th day of October, 1933, on a regular court day of the September Term, and the several defendants having appeared, the petitioner moved the Court for a decree in conformity with the prayers of the Petition; and the defendants having consented to the making and entering of this decree;

Now, therefore, it is ORDERED, ADJUDGED, AND DECREED as follows:

I

That the Court has jurisdiction of the subject matter and of all the parties hereto; that the petition states a cause of action against the defendants under the Act of Congress of July 2, 1890, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies" and acts amendatory thereof and supplemental or additional thereto, known as the Federal Antitrust Laws.

That the National Retail Credit Association and Retail Credit Men's National Association will be hereinafter referred to as the Association.

II

That the defendants and each of them, individually and collectively, their successors, members, officers, directors, managers, agents, servants, employees and all persons acting or claiming to act, under or in behalf of them, or any of them, be and they thereby are permanently and perpetually enjoined and restrained from in any way maintaining, continuing or reviving, either directly or indirectly, in whole or in part by any means whatsoever, the combination, conspiracy, and monopolization of trade and commerce in credit reports and credit information described in the petition herein, or any combination, conspiracy or monopolization similar thereto, as more particularly set out in paragraph three immediately following.

III

That the defendants and each of them, individually and collectively, their successors, members, officers, directors, managers, agents, servants, employees and all persons acting or claiming to act under or in behalf of them, or any of them, be and they hereby are, permanently and perpetually enjoined or restrained from

(1) In designating and assigning any region or regions as the exclusive territory in which any member or members of the Association shall gather credit information or sell credit information or reports.

(2) Refraining from gathering credit information or selling credit information or reports in any region or regions assigned as the exclusive territory of any member or members of the Association.

(3) Refusing to sell credit information or reports to vendees in any region or regions assigned as the exclusive territory of any member or members of the association except to and through a member or members of the Association.

(4) Reporting, circulating, or in any manner publishing the names of persons or corporations who have sought, or are seeking, to procure, buy, or sell credit information or credit reports from or to any member or members of the Association except to and through a member or members thereof.

Nothing herein shall be construed to preclude the members of the Association from individually using any available organization, or individual, or other source of credit information in any region or place.

That the defendants shall forthwith abrogate and cancel any and all by-laws, rules, regulations, conditions, contracts, provisions or resolutions which suggest, authorize, encourage, permit or direct any of the acts and things hereinabove specifically enjoined, including Rule 1, Rule 2, Rule 29 and Rule 30, of the Rules and Regulations issued by the Service Department of the National Retail Credit Association, adopted June 24, 1932, and including any delineation, designation or assignment of a region or regions as the exclusive trading territory of any member or members of the Association, provided use of the words "exclusive territory" shall not affect the right to trade in said territory of any individual, partnership or corporation.

That the defendants shall forthwith notify in their official publication known as *THE CREDIT WORLD*, all members of the Association of its action in abrogating and cancelling the by-laws, rules, regulations, contracts, provisions or resolutions as set forth in the preceding paragraph and with the same notification shall print in said *CREDIT WORLD* a copy of this decree and shall fully

inform the members of its provisions. Within thirty days after the entry of this decree defendants shall file with the court evidence showing compliance with this paragraph, which shall include a list of the membership so notified.

VI

That jurisdiction of this cause is hereby retained for the purposes of enforcing this decree, or enabling the parties to apply to the court for modification or enlargement of its provisions on the ground that they are inadequate or have become inappropriate or unnecessary.

VII

That the petitioner have and recover of the defendants the costs of this cause.

Dated October 6, 1933.

CHAS. B. DAVIS.
United States District Judge.

Official Notice

In accordance with the provision of Section III of the decree in the case of the United States of America vs. the National Retail Credit Association, et al., we herewith publish the full text of the decree and an explanation of its provisions, which is official notice to all members of the National Retail Credit Association and its Service Department of the terms and conditions of the decree. It is official notice that Rules 1 and 2, and 29 and 30 of the Rules and Regulations of the Service Department are hereby immediately cancelled and made null and void by the signing of this decree.

All members are requested to read the decree and the explanation, and if in doubt about any of its provisions, write us at once.

National Retail Credit Association.

Attest: D. J. Woodlock.
Manager-Treasurer
G. H. Hulse.
Secretary

Explanation of Terms of Decree

Paragraph 1 is merely conventional language in a decree.

Paragraph 2 and Paragraph 3 must be read together, because Paragraph 2 refers to Paragraph 3, and is not a general blanket injunction, the injunction going only to the four subdivisions of Paragraph 3.

However, Paragraph 3 enjoins the defendants from directly or indirectly creating a monopoly in credit reports by practices or agreements prohibited in the four subdivisions of Paragraph 3, the purpose of Paragraph 2 being to eliminate the possibility of the defendants by subterfuge, such as forming a new Association or changing Officers or changing rules, to carry on the business of the Association in violation of the terms of Paragraph 3.

Sections 1 and 2 of Paragraph 3 refer to Rules 1 and 2 of the Rules and Regulations of the Service Department and refer to the exclusive provisions of membership in the Service Department therein contained. These specific rules have been cancelled by the decree of the Court and are therefore null and void. The intent of Paragraphs 1 and 2 is not to deny to Credit Bureaus the privilege of serving a certain specific territory but refers particularly to an agreement or agreements which may exist, thereby making such territory their exclusive right and prerogative.

Section 3 of Paragraph 3 refers to Rules 29 and 30 of the Rules and Regulations of the Service Department and refers to the Direct Inquiry. Under this section a merchant or bureau may do anything they please with a Direct Inquiry but are prohibited from making any agreement among themselves as to what they will do with a Direct Inquiry and all agreements and Rules and Regulations regarding the Direct Inquiry are cancelled and void and if any Association, Group Association or Association of members has any rule or agreement regarding the Direct Inquiry, such rule or agreement is prohibited by this decree.

Section 4 of Article 3 is aimed at what formerly was published and called the "Red Roster" of the Association, or any other like practice. The terms of this section prohibit the Association or its members from issuing similar publications or of giving similar notices in any existing publication or bulletin, either or the Association or its members.

The rules which have been cancelled by the decree and referred to above, are as follows:

RULE 1. The Service Department will not accept the membership of more than one Bureau or Agency in the same city, except as hereinafter provided. The acceptance of a second member in the same city depends upon the recommendation of the first member in that city, unless special conditions warrant, the approval of the State Association or Group State Association having jurisdiction and the unanimous vote of the Service Department Committee.

RULE 2. The Service Department will not admit a Bureau or Agency to membership from any state in which there is a State or Group State Association which has in its Rules and Regulations or By-Laws a rule requiring membership in the Service Department at the time membership in the State is accepted, unless the applicant becomes a member of that State Association.

RULE 29. DIRECT INQUIRIES received either by Bureaus themselves or transmitted to them by their subscribing members should be forwarded unanswered to the Bureau in city where such direct inquiries originated for attention of that Bureau.

RULE 30. No members shall furnish service direct to any user in any other community where an affiliated Service Department member is located, unless with the knowledge and consent of such other Bureau member in that community, since in exceptional instances circumstances may be such that a mutual arrangement might be made.

—LAWRENCE McDANIEL,
General Counsel.

The Association's Answer--

to the Suit in Equity Filed by
U. S. Department of Justice

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF MISSOURI

The United States of America,
Petitioner,

v.

National Retail Credit Association, Retail
Credit Men's National Association, Guy
H. Hulse, David J. Woodlock, Arthur
P. Lovett, John N. Keeler, M. C. Riley,
L. S. Gilbert, George B. Allan, and J.
E. R. Chilton, Jr.,
Defendants.

In Equity No. 10420.

ANSWER

Now come the defendants in the above entitled cause, and for their joint answer to the petition of the plaintiff herein, state:

1. Answering Paragraph 1 of Plaintiff's petition defendants admit that the Retail Credit Men's National Association is a corporation of the State of Colorado.

2. Answering Paragraph 2 of Plaintiff's petition defendants admit that The Retail Credit Men's National Association is the corporate name of the company known as The National Retail Credit Association, a corporation of the State of Colorado, and that the said National Retail Credit Association is a trade name and used for such purposes only.

3. Answering Paragraph 3 of Plaintiff's petition defendant admits that Guy H. Hulse is a citizen of the State of Missouri, a resident of St. Louis; that David J. Woodlock is a citizen of the State of Missouri, a resident of St. Louis; that Arthur P. Lovett is a citizen of the State of Missouri and a resident of Kansas City; and that John N. Keeler is a citizen of the State of Oregon and a resident of Portland.

4. Answering Paragraph 4 of Plaintiff's Petition defendants admit that each of the above named individual defendants is an officer and agent of the Association and a member of the Service Department Committee.

5. Answering Paragraph 5 of Plaintiff's Petition defendants admit that M. G. Riley (erroneously listed M. C. Riley in plaintiff's petition) is a citizen of the State of Missouri and resident of Kansas City; that L. S. Gilbert is a citizen of the State of Georgia, a resident of Atlanta; that George B. Allan is a citizen of the State of Massachusetts, a resident of Springfield; and that J. E. R. Chilton, Jr., is a citizen of the State of Texas, a resident of Dallas; that all of the defendants set out in Paragraph 5 are members of the Service Department Committee.

6. Answering Paragraph 8 of Plaintiff's Petition defendants state that the said Association has approximately sixteen thousand members composed principally, but not exclusively, of credit agencies, retail credit granters, and local associations of credit men, i.e., persons who manage and control the credit business and affairs of credit granters, such as department stores and the like; that approximately thirteen hundred are credit agencies and approximately one hundred and fifty are retail credit men's associations.

7. Answering Paragraph 9 of Plaintiff's Petition defendants admit that the most numerous group, retail credit granters, are persons and corporations engaged in businesses and professions in which retail credit is extended; that the members of this group are located in practically all of the principal cities and towns in the several states, and usually include the largest retail business establishments in their respective communities; that these members have usually had retail credit relations with many consumers in their trading locality, and usually possess more complete, accurate and reliable credit information than can be procured from all other retail credit granters in the same place; that they are usually also members of retail credit agencies, known as merchant-owned credit bureaus, and operated as cooperative retail credit enterprises by and for the merchants.

8. Answering Paragraph 10 of Plaintiff's petition defendants admit that the credit agencies are engaged in the business of

making and selling retail credit reports, principally relating to persons who procure goods or services at retail for consumption purposes, being engaged in that branch of the general credit reporting business known as consumer credit reporting.

9. Answering Paragraph 11 of Plaintiff's petition defendants admit that the credit agency members of the Association are divided into two classes, namely, (1) so-called franchise members, and (2) so-called non-franchise members.

10. Answering Paragraph 12 of Plaintiff's petition defendants admit that the local associations of credit men are usually composed of the so-called credit managers of the business establishments in their respective communities, many of which establishments are also members of the Association, and admit that a credit granter's affiliation with the Association is therefore in many instances threefold in character: (1) by direct membership in the Association; (2) indirectly through membership in a merchant-owned bureau member, or in a privately owned bureau, provided the owners are members of the association; and (3) indirectly through the membership of its credit manager in a credit men's association.

11. Answering Paragraph 13 of Plaintiff's petition defendants admit that the said members of the Association (except the so-called non-franchise members) have a like, common and general interest, among themselves, and together with the other named defendants, in the subject matter of this litigation.

12. Answering Paragraph 14 of Plaintiff's petition defendants admit that there are numerous credit agencies and credit bureaus in the United States engaged in the retail, personal or consumer credit reporting business, but these defendants state that they have no knowledge of the exact number of such credit agencies and credit bureaus in the United States. Defendants admit that approximately 1300 are members of the Association.

13. Answering Paragraph 15 of Plaintiff's petition defendants admit that credit agencies, including those which are members of the Association, are located in practically all of the cities and towns in the several states; that in many places there are two or more credit agency members and non-member or unaffiliated credit agencies; that many of these agencies are incorporated companies, many are partnerships and many are individually owned businesses.

14. Answering Paragraph 16 of Plaintiff's petition defendants admit that each credit agency procures, principally from merchants, department stores, mail order houses, banks, finance companies, hotels, insurance companies and business and professional men, complete credit information relating to buyers, borrowers and debtors located in the territory served by it; that among other facts they gather information as to the history, personal status, character, reputation, employment, business or profession, of persons about whom inquiry is made, and information as to their property and assets, income, financial and other resources, liabilities, indebtednesses, obligations, and habits as to the payment of debts.

15. Answering Paragraph 17 of Plaintiff's petition defendants admit that the principal sources of reliable credit information are credit granters with whom the subject of the information has traded or has had other contractual relations; that such credit granters constitute the only source of an important and essential part of the available supply of retail credit information, but the defendants state that while the Local Bureau must be a member of the National Association, that the members of the Bureau are often not members of the Association; that there are about 150,000 firms and corporations engaged in the retail business who receive credit service through the bureaus, although there are over a million such firms and corporations engaged in such business.

16. Answering Paragraph 18 of Plaintiff's petition defendants state that the credit agencies have collected, arranged, classified, recorded and preserved at the various offices, plants and places of business, credit information pertaining to persons and companies in the area served by such respective agencies; that the credit agency members of the association have on hand credit reports and information pertaining to upwards of sixty million retail consumers in the United States, which reports

are constantly supplemented by current and up-to-date information obtained from credit granter sources as hereinbefore set out.

17. Answering Paragraph 19 of Plaintiff's petition defendants state that large and substantial numbers of credit reports are regularly and continuously sold and delivered by the agencies to the purchasers of the service for a pecuniary consideration, who may desire the information for use in connection with the sale of goods, wares, and merchandise on credit, or in connection with loans of money and extension of similar accommodations to, or the performance of personal services on credit for, or incident to other contractual relationships with the subject of the report; that large and substantial numbers of credit reports are also regularly and continuously sold and delivered by agencies to other agencies for a pecuniary consideration, principally for resale to credit granters.

18. Answering Paragraph 20 of Plaintiff's petition defendants admit that by said sales the vendors of the credit reports have intended, and have in fact, transferred title therein to the several purchasers, subject, however, to the condition, applicable to credit granter purchasers, that the reports may not be resold nor the information contained therein made known to others.

19. Answering Paragraph 21 of Plaintiff's petition defendants state that credit agencies located in one State have for many years purchased credit reports from other agencies, including those which are members of the Association, located in other States, and that the vendors have forwarded, transmitted, and caused to be transported and delivered credit reports in pursuance of such sales from one State to another to the vendees thereof; that the credit agencies purchasing said reports have thereupon sold them to such credit granters as have given orders therefor.

20. Answering Paragraph 22 of Plaintiff's petition defendants state with some exceptions credit granters located in one State have for many years regularly and continuously purchased and procured large and substantial numbers of credit reports and credit information directly from agencies located in the other States; and, in pursuance of such sales, the agencies have forwarded, transmitted and caused said reports and information to be transported and delivered from one State to another to the vendees thereof.

21. Answering Paragraph 23 of Plaintiff's petition defendants state that with some exceptions credit agencies located in one State have for many years regularly and continuously procured large and substantial numbers of credit reports and information from credit granters in other States; and, in such instances, the reports and information have been forwarded, transmitted, transported and delivered from one State to another to the respective credit agencies concerned.

22. Answering Paragraph 24 of Plaintiff's Petition defendants admit that the aforesaid interstate transactions in credit reports and information, namely, where credit granters in one State have sought to procure reports or information from credit agencies in other States, and where credit agencies in one State have sought to procure reports or information from credit granters in other States, are known in the retail credit reporting trade as direct inquiries.

23. Answering Paragraph 25 of Plaintiff's petition defendants specifically deny that defendants have combined and conspired to restrain and monopolize the interstate trade and commerce in credit reports and information in any manner or in violation of the Act of Congress approved July 2, 1890, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies."

24. Answering Paragraph 26 of Plaintiff's petition defendants admit that defendants have created and established a so-called Service Department of the Association, which all of the credit agency members of the Association have joined as members thereof; that they have provided for the annual appointment of a so-called Service Department Committee, to consist of the managers of nine of the credit agency members, and the manager-treasurer, and secretary of the Association, and have authorized and directed them to conduct the business and affairs of said Department and to do the acts and things hereinafter more fully alleged; that the defendants have elected and appointed to said Service Department Committee, and said Committee now includes in its membership the defendants Guy H. Hulse, David J. Woodlock, Arthur P. Lovett, John N. Keeler, M. G. Riley, L. S. Gilbert, J. E. R. Chilton, Jr., and George B. Allan, heretofore named.

25. Answering Paragraph 27 of Plaintiff's petition defendants specifically deny that the Service Department Committee, with the participation of the several credit agency defendants, has formulated, devised and agreed upon a plan for a regional

division of the United States to conform to the areas and communities in which the several credit agency members are located, and where they gather credit information, make and sell credit reports, and otherwise conduct their businesses.

26. Answering Paragraph 28 of Plaintiff's petition defendants specifically deny that regions surrounding the several places at which credit agency defendants are located have been marked out, designated and assigned as the so-called reporting territories of the several agencies; deny that each such region has usually included all communities and contiguous territory in which the agency to which it has been assigned has gathered information to produce so-called consumer credit reports.

27. Answering Paragraph 29 of Plaintiff's petition defendants specifically deny that they have agreed that a region so designated and assigned shall be deemed by all of them to be the exclusive territory of the agency to which it shall have been assigned; and deny that each such agency has been granted a so-called exclusive franchise or charter by the Association for the sole making and selling of credit reports therein.

28. Answering Paragraph 30 of Plaintiff's petition defendants admit that they have formulated, prescribed and agreed to rules and regulations to be applied and observed by them, which provide, among other things as follows:

RULE 1. The Service Department will not accept the membership of more than one Bureau or Agency in the same city, except as hereinafter provided. The acceptance of a second member in the same city depends upon the recommendation of the first member in that city, unless special conditions warrant, the approval of the State Association or Group State Association having jurisdiction and the unanimous vote of the Service Department Committee.

RULE 2. The Service Department will not admit a Bureau or Agency to membership from any state in which there is a State or Group State Association which has in its Rules and Regulations or By-Laws a rule requiring membership in the Service Department at the time membership in the State is accepted, unless the applicant becomes a member of that State Association.

29. Answering Paragraph 31 of Plaintiff's Petition defendants deny that they have agreed that none of them will gather information or make credit reports relative to persons and corporations located in a region so assigned except to and through the credit agency defendant to which that region shall have been assigned; deny that the agency having the so-called franchise for that region shall be permitted exclusively to enjoy the privilege of engaging in trade and commerce in credit reports and information therein, including interstate trade and commerce originating or terminating in said region, free from the competition of any other defendant.

30. Answering Paragraph 32 of Plaintiff's petition defendants deny that in pursuance of said alleged plan, the defendants have in fact established many such regions in the United States and have assigned one to each of the credit agency members of the Service Department except the so-called non-franchise members, including the following named:

Business Service Company, Albuquerque, N. Mex.
Credit Reporting Co. of New England, Boston, Mass.
Ohio Bureau of Credits, Columbus, Ohio.
The Merchants Association, Indianapolis, Ind.
James Sanford Agency, Nashville, Tenn.
Retailers Commercial Agency, New York City, N. Y.
Commercial Rating Company, St. Louis, Mo.
Stone's Mercantile Agency, Inc., Washington, D. C.

31. Answering Paragraph 33 of Plaintiff's petition defendants deny that they and especially the credit granter members of the Association, have agreed that no credit information will be furnished by them except to the local credit agency of which they are members or otherwise affiliated, which is also a member of the Association, and to which the region in which they are respectively located has been assigned as aforesaid; deny that they have agreed upon, formulated and promulgated among the defendants a rule to be observed by each and all of them, that a direct inquiry (described in paragraph 24 hereof) coming to a member from a non-member should be sent by the recipient directly to the member from whose region it shall have come, without selling or in any manner furnishing any information or credit report to the person seeking to procure or buy the same; deny that said credit granters have in fact refused to furnish any credit or kindred information to any local, non-member and non-franchise holding credit agency located in their respective regions and competing therein and in interstate commerce with a franchise holding agency.

32. Answering Paragraph 34 of Plaintiff's petition defendants deny that numerous requests for credit information and numerous offers to purchase credit reports have been received by the several defendants from credit granters, credit agencies and others located in regions assigned to other defendants and that in pursuance of the above-mentioned agreements and rules, the defendants have regularly and continuously refrained from furnishing and have refused to sell credit information or reports upon such requests; deny that instead the defendants have sent and referred all such requests and offers to the defendants in whose regions the credit granters and credit agencies making the requests and offers have been located.

33. Answering Paragraph 35 of Plaintiff's petition defendants deny that they have reported to the Service Department the names of credit agencies and others who have sought to buy or procure credit information or reports from or to sell credit reports to members of the Association directly or otherwise than pursuant to the mode agreed upon and prescribed by the defendants; deny that the Service Department has compiled and printed pamphlets called Red Rosters which contain the names of a large number of such agencies and others; and has published and circulated the Red Rosters among defendants for the purpose of enabling them to observe and effectuate the aforesaid agreements relative to furnishing credit information and the purchase and sale of credit reports.

34. Answering Paragraph 36 of Plaintiff's petition defendants deny that the Association has regularly and continuously printed, published and circulated among the defendants and others a so-called Service Bulletin and has used the Bulletin to inform the defendants of the several aforesaid agreements and the manner and means by which they are to be effectuated and executed, and have used the Bulletin to urge, persuade and induce the defendants to strictly follow and observe said agreements. Deny that it has regularly and continuously published in the Bulletin the names of credit agencies and others who have sought to procure credit information and credit reports, or to furnish credit reports, as aforesaid, for the purpose of enabling the defendants to refrain from dealing with and to boycott them.

35. Answering Paragraph 37 of Plaintiff's petition defendants deny that the effect of the agreements, rules and regulations and acts and things alleged as aforesaid and their observance and application as aforesaid has been to put into the hands of each of the defendants all or almost all of the interstate trade and commerce in credit information and credit reports having its origin or termination in the region assigned to him, and to put into the hands of the defendants collectively, all or almost all of said interstate trade and commerce in the United States and that the effect thereof has been unduly to restrain and interfere with credit agencies who are not members of the Association in engaging in interstate trade and commerce in credit information and credit reports; deny that unless the defendants shall be enjoined as hereinafter prayed, they will be enabled totally and permanently to exclude all other credit granters, credit agencies and others from participation in said interstate trade and commerce.

WHEREFORE, having fully answered, defendants pray to be hence dismissed, together with their costs in this behalf expended.

LAWRENCE McDANIEL,
JOHN S. LEAHY,
Attorneys for Defendants.

Dayton Charging Interest

On September 1, retailers of Dayton, Ohio, in cooperation with the Dayton Credit Bureau, began charging interest on accounts 60 days overdue. The rate is 1/2 of 1 per cent per month.

"A Code for Retail Credit"

The excellent article bearing the above title in *Retailing* (September 11), written by Leop. L. Meyer of Foley Brothers Dry Goods Company, Houston, Texas, Past President of the N. R. C. A., is an outstanding argument in favor of revised consumer credit practices in a national way. Every store owner and credit manager should read this article.

A New Sticker-- And Newspaper Ad

to tie up with the

"Buy Now" Campaign!

Members everywhere report increased collections following the use of the "Let's All Do Our Part" sticker and newspaper ad. Here's another direct tie-up with the NRA and the "Buy Now" Campaign—a "pay-now—buy-now" appeal. Also an effective follow-up for the first sticker and ad!!

The Newspaper Ad (Right)

"Same-day" shipment—mats in two standard sizes:

16A—4 col. x 170 lines (8" x 12") \$3.00 each
16B—3 col. x 125 lines (6" x 9") 2.50 each

(Order by number)

These prices are based on actual cost of artwork, copy, engravings, mechanical costs, handling and postage.

Note carefully: The ad at the right is made up for an 8" x 12" space and will be furnished to you with heavy rules at top and bottom and spaced out to that size. It is shown here without the rules because of size limitation of *The CREDIT WORLD* page.

The Sticker (Below)

Exact size as shown below (1 7/8" x 2 1/4"), in two colors, "NRA" red and blue, on white gummed paper. Price, \$2.00 per thousand, postpaid. (Note: The heavy border will be in red—the NRA consumer emblem in red and blue—word "member" in red—balance in blue.)



Sold Only to Members of the N. R. A.

Each order must be accompanied by a written statement that the purchaser "is a member of the NRA, having signed the President's Agreement" and must have the official NRA sticker attached.

Order from Your Credit Bureau

National Retail Credit Association
1218 Olive St. St. Louis, Mo.

Keep On--Doing Your Part!



Support
Your
NRA Pledge

•
**BUY NOW--
PAY NOW!**
•

YOU, like millions of other loyal citizens, proudly display this emblem—the Blue Eagle of the NRA. You have signed the Consumer Pledge and you intend to do your part.

You want to “see it through”—so do the merchants and professional men of this community who have pledged their support of the NRA.

You can do your part—and help them to do their part—by buying now and paying now! Buy Now—every purchase means more work for someone. Pay Now—pay up your past due bills.

Then use your credit to buy—now—the things you actually need but have been doing without.

*Buy freely and pay promptly—that's the way
to better times!*



**THIS SPACE FOR LOCAL
ASSOCIATION IMPRINT**

Local Affiliation of the
NATIONAL RETAIL CREDIT ASSOCIATION





The Credit Code«« An Appeal to Reason

By LEOP. L. MEYER

Chairman, National Credit Executives' Council

WHEN the writer informed his many friends and coworkers about the country that he would undertake the tremendous task attendant upon the chairmanship of the National Credit Executives' Council, he felt more or less satisfied in his own mind that there would be forthcoming messages of encouragement as well as prompt acceptances of appointments to the Council itself, and he is happy to report that he has not been disappointed. Most assuredly, therefore, acknowledgment of the fine responses received, as well as expressions of gratitude from the chairman are in order.

Unfortunately, the complete roster of the Council cannot be published in this issue of *The CREDIT WORLD*, but elsewhere within these pages will be found the names and affiliations of those who have thus far come through, some two hundred in number; and if these two hundred men will seriously accept the responsibilities, which may be presumed to be attendant upon acceptance of appointment, there is little doubt but that the Council's activities will ultimately be successful.

After most serious thought the writer came to the conclusion that it was unfair to himself, as well as to the National Retail Credit Association, to assume responsibility for the presentation of a code in final form, or for the decision as to means and methods to be employed in promoting such a code, and accordingly has requested a number of representative and respected credit executives to serve as an Advisory Committee to the National Credit Executives' Council. Thus far acceptances of appointment to the advisory committee have been received from:

W. W. Weir, The May Co., Los Angeles, Calif.
Jas. M. Clyatt, J. P. Allen & Co., Memphis, Tenn.
Earl Paddon, Lammert Furn. Co., St. Louis, Mo.
Geo. A. Lawo, The John Gerber Co., Memphis, Tenn.
Franklin Blackstone, Frank & Seder, Pittsburgh, Pa.
Chas. M. Reed, Retail Cr. Men's Ass'n, Denver, Colo.
Frank Batty, Hale Brothers, San Francisco, Calif.
H. G. Godfrey, J. L. Hudson Co., Detroit, Mich.
L. T. McMahon, Wm. Filene's Sons Co., Boston, Mass.
J. W. Tallentire, The Hecht Co., Washington, D. C.
P. H. Carr, Standard Clothing Co., Minneapolis, Minn.

The Advisory Committee will have a grave responsibility along with the chairman, in reviewing and analyzing all the various kinds and characters of codes that have emanated from various sources—some responsible and some irresponsible—and ultimately coming to an agreement as to what features of each of the aforemen-

tioned codes are outstanding and worthy of inclusion in the final code to be presented to the merchants and credit men of the nation.

It had also been hoped that a meeting of the members of the Advisory Committee might be held at St. Louis, during the month of October, to complete the task referred to, but it appears that such a meeting would not be convenient to the majority of the members of this committee. Therefore, the hope for such had to be abandoned. It will, therefore, be necessary to transact this important matter through the mails; and although considerable time must necessarily be consumed in this awkward procedure, there is little doubt but that in the final analysis the same end may be attained.

It may be said in explanation of a previous statement, relative to the construction of a code, that innumerable complaints against and criticisms of each and every code above referred to, some founded and some unfounded, al-

The Most Important Announcement Ever Made to Credit Executives

The clarion call for standardized credit practices has been sounded by the National Retail Credit Association, with the appointing of Leopold L. Meyer, Controller of Foley Brothers Dry Goods Company, Houston, Texas, and Past President of the National Retail Credit Association, as Chairman of the NATIONAL CREDIT EXECUTIVES' COUNCIL, to formulate a Credit Code which will be a Community Credit Policy for every retailer in every city and town in the United States.

The reconstruction of business under the "New Deal" makes it opportune to call upon every credit manager and every retailer to correct unwise practices of the past and work together for sound credit, so as to stop waste and insure better and more profitable business, so that we may serve the public better.

All credit executives and retail merchants, whether members of the National Retail Credit Association or not, are interested in this undertaking, which is the culmination of years of study and effort by the National Retail Credit Association.

Read every word of Mr. Meyer's message—**THEN HAND THIS MAGAZINE TO THE STORE OWNER AND ASK HIM TO READ IT.**

It is the credit executive's opportunity to do something for his profession, his employer, his association, his country, the retailers and the public.

—DAVID J. WOODLOCK,
Manager-Treasurer.

ready have been registered, and it is in appreciation of the logic of some of these complaints that certain clauses in the various codes at hand will have to be modified, with the hope that they may be ultimately acceptable generally. *Your chairman has learned, much to his amazement, that some reputedly representative credit men know little about the theory of a credit code or the circumstances which make the code idea a pressing one.*

It is inconceivable that a half-dozen or more credit men, affiliated with representative businesses, in the larger cities more especially, have refused to serve on the Council, objecting in most instances to the code plan, which they consider impracticable. These men must be educated to the new thought and in due time they will come through.

There is no question but that the idea of a credit code is radical, but these are radical times: A revolution is being experienced in every line and department of business; and your chairman's enthusiasm for the credit code is hypothesized upon an earnest desire to see the credit men of the nation regarded as being capable of doing something unusual and of departing from antiquated theories in business administration. There is a desire on the part of the credit men of the nation, and more especially of the younger element, to benefit by the code plan, and in any community in which the majority of the credit managers will hang together the more conservative and hurtful element will be overcome.

Your chairman does not mean to infer, even remotely, that this conservative element is not to be given due consideration. On the contrary, our conservatives are to be heartily respected, and can serve to inestimable advantage in curbing the tendencies of those who may be too impulsive.

The thought behind the code is not that it is to effect a metamorphosis, and that with the wave of a wand the credit department shall become perfunctory and mechanical. The thought behind the code is rather to eliminate the blundering, ill-advised and reckless credit granting that has demoralized so many retail businesses in late years.

Unless such a code as is ultimately decided upon is subject to liberal construction and will permit of departure from the letter of the law as written it cannot succeed. Unless the code is protective to the public, to the merchant, and to the best interests of retail business as a whole, it is doomed to failure. The code is to particularly contemplate all those contingencies that arise from day to day in business, and to deal with these contingencies scientifically. The code is not expected to curtail retail credit volume but rather to convert charge business from a hazardous liability to a profitable asset.

Your chairman is firmly of the opinion that the strictest possible code should be presented by your advisory committee, but it cannot be hoped that any code presented will be adaptable to all localities and vicinities. Accordingly, it is reasonable to hope that every community to which the code is presented will analyze its own local

conditions and determine to what extent the code is practicable in consideration of those local conditions, and revise the stipulations in the code to conform to local requirements.

The Advisory Committee

- W. W. Weir, The May Co.
Los Angeles, Calif.
Jas. M. Clyatt, J. P. Allen & Co.
Memphis, Tenn.
Earl Paddon, Lammert Furn. Co.
St. Louis, Mo.
Geo. A. Lawo, The John Gerber Co.
Memphis, Tenn.
Franklin Blackstone, Frank & Seder
Pittsburgh, Pa.
Chas. M. Reed, Retail Cr. Men's Ass'n
Denver, Colo.
Frank Batty, Hale Brothers
San Francisco, Calif.
H. G. Godfrey, J. L. Hudson Co.
Detroit, Mich.
L. T. McMahon, Wm. Filene's Sons Co.
Boston, Mass.
J. W. Tallentire, The Hecht Co.
Washington, D. C.
P. H. Carr, Standard Clothing Co.
Minneapolis, Minn.
-

The theory behind the code is the *Community Credit Policy* and the *community* idea must prevail. The hope of those who are interested in promoting the code is that ultimately a credit control will be observed in every community, and that, regardless of what procedure is observed and adopted in one locality or another, in every given community there shall be an approved procedure covering credit extension. It is only hoped that regardless of what deviations are made by any communities from the regulations prescribed in the approved code, the spirit of the code will be observed.

Your chairman dislikes to continually harp on the proportions of his own assignment but finds it necessary to do so in order to impress some of the committee men with the fact that their individual difficulties are considerably less insurmountable, and that unless each and every man on this committee will observe the chairman's request for the observance of dates which may limit the fulfillment of the various plans (which will be presented from time to time) completion of our program must be deferred to the distant future. By way of explanation, your chairman requested that acceptances of appointments to the Council be mailed by not later than September 25th, and today, October 6th, acceptances are still coming. I do not mean to criticize, but rather to appeal for a little more cooperation in this connection.

The writer is not remotely unfamiliar with the problem confronting his committeemen. What is being planned is a radical departure from present methods, and

(Continued on page 23.)

Roster - - The National

BIRMINGHAM, ALABAMA

T. A. NICKEL, *Goodyear Service, Inc.*
G. B. BAGLEY, *Pixitz Dry Goods Co.*
PAUL C. VAUGHAN, *Loveman, Joseph & Loeb*
LEO M. KARPELES, *Burger-Phillips Co.*

LITTLE ROCK, ARKANSAS

J. W. STRAWN, 807 *West Seventh St.*
CHAS. D. HILL, *Pfeifer Brothers*
MISS STELLA COMER, *M. M. Cohn Co.*
J. R. JOHNSON, *Schaer-Norvell Tire Co.*

BERKELEY AND OAKLAND, CALIF.

G. L. KUHNEL, *J. F. Hink & Son, Berkeley*
A. R. MACOON, *J. F. Hink & Son, Berkeley*
DONALD H. FURTH, *Capwell, Sullivan & Furth, Oakland*
HARRY L. BUNKER, *The H. C. Capwell Company, Oakland*
ROY WICKMAN, *Montgomery Ward & Company, Oakland*
O. M. SYLVESTER, *Golden Gate Cloak House, Oakland*

GLENDALE, CALIFORNIA

H. VICTOR WRIGHT, 346 *W. Lomita Ave.*

LOS ANGELES, CALIFORNIA

WM. W. WEIR, *The May Company*
LLOYD M. CROSTWAITZ, *Barker Bros.*
S. E. EDGERTON, *Broadway Dept. Store*
E. K. BARTLETT, 727 *South Broadway*

SACRAMENTO, CALIFORNIA

E. G. CASEY, *Hale Brothers*
A. A. CULLEN, *Eastern's*
F. R. MURPHY, *Sutter Hospital*

SAN FRANCISCO, CALIFORNIA

FRANK D. FRANCIS, *The Emporium*
FRANK BATTY, *Hale Bros.*
WALTER V. HOWE, *Sommer & Kaufman*
EDWARD J. DOLLARD, *O'Connor-Moffatt & Company*

SAN JOSE, CALIFORNIA

PHIL HEROLD, *Herold's Shoe Company*
ARTHUR MUIR, *Hale Bros.*
KENNETH BOOSEY, *Pacific Gas & Electric Company*
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H. P. WEBB, *L. Hart & Son Co., Inc.*

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W. M. EWING, JR., *The Neusteter Co.*
ELMER E. MUNN, *Gano-Downs Co.*
WILLIAM GLASS, *Cottrell Clothing Co.*
RUSSELL H. FISH, *The May Company*
CHAS. M. REED, *The Retail Credit Men's Association*

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GEORGE MOORE, *The Dalton Company*
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W. J. FISCHER, *Progressive Company*
E. J. DOBARD, *Surety Credit Company*
S. A. MAYOR, *Krauss Company*
J. D. HENDERSON, *Mayer Israel Company*

SHREVEPORT, LOUISIANA

S. J. FORESTER, JR., *Selber Bros., Inc.*
W. E. LEONARD, *Feibleman's, Inc.*

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GEORGE STOCKSDALE, *Hecht Bros. & Co.*
JAMES R. HEWITT, *The Hub*
LOUIS HILBERT, *Stewart & Company*
GODFREY E. HARRIS, *The May Co.*
G. R. ELTON, *care O'Neill and Company*

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FRED P. STROUT, *Haynes & Co., Inc.*
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PONTIAC, MICHIGAN

FLOYD MILLER, 410 *Peoples Bank Bldg.*

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JOHN H. COAD, *Gately Company*
R. L. DURHAM, *Duluth Glass Block Stores Company*

MINNEAPOLIS, MINNESOTA

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P. H. CARR, *Standard Clothing Co.*
H. W. HOKLAS, *Young-Quinlan Co.*
S. L. GILFILLAN, *Credit Service Ex.*
MILTON J. SOLON, *The Dayton Co.*

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WM. C. TRAYNOR, *R. N. Cardozo & Bros.*
JOHN A. GOBEIL, *Daily News Publishing Company*
JOSEPH C. BARNES, JR., *Union Loan and Finance Company*
F. H. KOCH, *Schunemans and Mannheimers*

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R. O. CASEMORE, *Kline's, Inc.*
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WALLIS SLATER, *The Sterling & Welch Company*

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ENID, OKLAHOMA

MISS FLO FELT, *The Newman Mercantile Company*
ERNEST OSBORN, *Oklahoma Gas & Electric Company*

OKLAHOMA CITY, OKLAHOMA

R. L. FREY, *Rothschild's*
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LEON MICHAELS, *Harris Dept. Store*
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J. P. OLIVE, *Tische-Goettinger Co.*
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H. P. HUFF, *The White House*
A. S. JACOBS, *Popular Dry Goods Co.*
R. H. RODGERS, *El Paso Electric Co.*

FORT WORTH, TEXAS

E. G. PARKER, *First National Bank*
OWEN M. JONES, *Moore Rubber Co.*
JOHN CLARK, *Monnig's*
JOHN E. PHILLIPS, *The Fair*

HOUSTON, TEXAS

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T. A. WILLBERN, *Dollahite-Levy Co.*
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JACK M. JEFFUS, *City National Bank*

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Quick and Accurate Credit Authorization in the Buffalo Statler Dining Room

By ROBERT K. DORAN

[" . . . Essential to the Swift and Smooth
Service That the Statler Customer Expects . . . "]

CREDIT information which is complete, accurate and quickly available is a necessity in efficient and profitable dining-room operation, in the opinion of A. H. Zugger, Credit Manager for the Hotel Statler at Buffalo. His requirements of the file are high and exacting but, he believes, not unnecessarily so.

The purpose of such a system is, of course, to eliminate much of the guesswork which may at times seem necessary in extending credit in the dining room. It is as necessary to see that the proper service and consideration are given to the right people as it is to prevent loss or irritations from giving credit to the wrong persons.

The system designed by Mr. Zugger for the Buffalo Hotel Statler has been in use for some time. In other words it has stood the test of time. This system consists of a visible index file set up in a revolving holder and literally at the elbow of the dining-room cashier. It is inconspicuous and takes up very little room—between two and three square feet of desk space.

Each tray, hinged into the revolving holder, contains spaces for credit information on 75 persons and there are spaces in the holder for 75 sections, or trays. This provides total available spaces for 5,625 customers' names and dining-room credit ratings.

Mr. Zugger says that revolving stands may be had in sizes suitable to the requirements of lists of various lengths. In other words it is possible to obtain a suitable holder for a list of a few hundred or, say, a thousand, or up to a size which will hold several thousand more.

All of the information required by the dining room is given on one line in this system. It is typewritten upon uniformly and longitudinally perforated sheets of paper provided for the purpose. After the name and other information are typewritten, the line containing it is broken off from the sheet along the perforation and then slipped into the celluloid container and placed in its proper section of the file.

The customer's credit card number is the first information to be found on the line. This is important for in intersystem correspondence the customer is always referred to by this number. Of course this number system is of no interest to individual hotels. It is of interest only to those operating in a group and managers of individual hotels may disregard the use of the number.

Next comes the name of the customer, the last name being given first. This is followed merely by the customer's address. If the customer lives in some other city than Buffalo, the address consists merely of the name of

the city. On the other hand, if the customer lives in Buffalo his or her street address is also given. Sometimes the business address or the name of the company with which the customer is connected is given in lieu of a residence address.

The address may be followed by any brief remarks on the same line, or it may not be. Under such a general heading as "Remarks" might be figures indicating the limit in the amount of credit to be extended, or the words in capital letters "DO NOT HONOR" if that is the existing situation.

This credit information is filed alphabetically by the name of the customer. In Mr. Zugger's system the names are alphabetically segregated in the trays or sections by the names of customers. For example, a customer by the name of Underwood would be found in its proper alphabetical place in the "U" tray or section. At the Buffalo Statler there are many cases in which the number of customers whose names begin with a given letter require the use of more than one and sometimes several trays or sections. For example, four trays, or sections, are devoted to the "S" customers.



—Photo Courtesy Remington Rand Inc.

There is additional aid and safeguard in the system in the fact that complications with customers of a "DO NOT HONOR" rating are avoided by the fact that a red signal is also placed on a portion of their line in the file. On the other hand, this signal system also has a positive value in that cards of customers who possess

(Continued on page 32.)

The Transition of Credit Granting

By J. P. OLIVE

Credit Manager, Titcher-Goettinger Co., Dallas, Texas;
Director, Dallas Retail Credit Men's Association



[[Second and Concluding Installment of This
Article Which Began in the September Issue]]

IF YOU will refer back to the first installment of this article (September issue) you will find this statement: "Almost every day we have instances in which the evidence plainly shows where someone has been negligent in properly reporting credit information to the bureau.

"This is a most important part in the successful operation of any credit department, for information properly reported prevents acceptance of an undesirable charge account risk, and provides a better service to the credit applicant worthy of credit."

I, personally, am a firm believer in the credit bureau, and want to emphasize the importance of its value if success is to be expected in credit granting. Very often credit managers are too eager to avoid the small expense of obtaining a report on an account and they fail to understand that by the expenditure of a very small sum, a better service could be rendered their customer which might be the result of their receiving more patronage. On the contrary, if an undesirable account is avoided, it would certainly be false economy to try to save the cost of the report.

If you will pardon me, in this one instance, for referring to my own organization, I would like to illustrate by explaining that it is not at all unusual for us to obtain, in the course of one year, two or even as high as three reports on one account. My convictions are that by close cooperation with the local credit bureau, and by the proper use of its service, credit losses can be held to a minimum and to a reasonable figure. By properly reporting, in a systematic way, irregularities such as heavy over-buying, accounts beginning to become unusually delinquent, the receipt of smaller than usual payments to apply on account, suspensions, and information of this type, it would be much easier for us to control our accounts.

If we would develop a better system of control by the proper coding, decoding and reporting of an account, we would not have so many examples of a \$15.00 a week clerk piling up purchases, with accounts at various firms, sometimes totaling \$100.00 to \$250.00. This is nothing more or less than pure carelessness (in the average case) and an expense and loss to the various retailers interested.

Thus, I fear, we must admit the sad truth that in our failure to maintain and use adequate records, to make proper investigations, and to employ effective collection methods and to cooperate with each other in properly limiting the total amount of credit extended to individuals, and by our failure to properly use the most valuable service that is known to the credit fraternity, that of our local credit association, we credit managers have lost ground during the last few years. We have not yet worked out a satisfactory substitute for that loss of personal touch with our customers.

The proof of our failure lies in the present debt loss on department store retail credit accounts, amounting to approximately \$5,346,298.00 per year figured on a survey of 201 stores reported and may I remind you that during the past two years bad debt losses suffered by retail merchants are running almost at a ratio of 3 to 1 over that of previous average years. In many instances firms have experienced losses of even a higher ratio.

So much for the dark side of the picture, for I fear that by dwelling on this part of the subject too long I might possibly incur disfavor among you credit granters. I have not presented the subject, thus far, with a "holier than thou" attitude. I have made mistakes right along with everyone, and perhaps as many, if not more than, any of you who read this. My idea is this, that if we will only take a little time, cooperate with one another as we should, and analyze our difficulties, we can hope to at least eliminate some of them.

I believe that you will agree with me that our only way of overcoming present conditions is by the bending of our energies, not toward trying to discover a new basis of admiring ourselves, but rather toward the finding of new ways to increase our efficiency. The solution to the problem is one of honestly looking unpleasant facts in the face. I shall not take time to discuss in detail how in the "transition of retail credit granting" we have gone forward. The steps taken in advance, I have already outlined in the beginning and they are familiar to all of you.

Let us think together regarding our problems for the future. Would it not be well for us, in a cooperative

way, to try to determine what type of credit organization will take the place of that personal acquaintance with customers which will never again be achieved in the future? How can we best deal with this new and complicated installment credit problem? What can be done to improve the present status of installment selling?

One step of primary importance must certainly be this: we retail credit granters, in each of our respective towns or communities, over the state, and even to a national standpoint, must cooperate with each other much more fully than we have in the past in adherence to sound policies of installment credit granting.

We are agreed that three essential principles of this installment business are:

- a) No extension of installment terms on short-life or perishable merchandise.
- b) No installment terms exceeding (or even to equal) the useful life of the merchandise.
- c) No excessive installment granting to the individual customer.

Yet, as long as we fail to cooperate with one another, none of these principles can be realized in practice. *YOU* cannot very well insist that terms of sale be shorter so long as *I* am approving accounts stretched over too long a period of time, since *YOU* would merely be driving business from your store by insistence on terms, even though the terms were unprofitable. It, therefore, behooves the credit fraternity to work in a cooperative way and to be willing to assist others in the same profession, in a mutual way. All of the firms' interests will, therefore, profit on the basis of the law of average.

This will not alone prove of value to the firms interested, but we will, in turn, be doing our customer a favor for it is certainly bad business to burden a customer with obligations exceeding his ability to pay. Today it is difficult to tell whether or not you are extending too much credit to the individual customer. This is a problem we credit granters must solve.

If a plan is not devised and properly followed (and our credit bureaus are not used freely) whereby it will be possible to have some idea as to what extent the individual is involved, then how can we expect to control our accounts? Therefore, I suggest and recommend that we organize, as far as our trust laws will permit in our credit associations and various organizations dealing in credit and work out a plan on the basis of cooperative agreement and practice it in accordance with the essentials of sound credit granting.

Another step we can take in strengthening our credit position is to arm ourselves with facts and figures on the source of our losses and then give to the management of our stores a "selling" (if it is needed) regarding the type of credit policies which should be installed or those that should be discontinued. Any credit executive is always helpless if the management of his firm insists on selling merchandise on unsound policies or in offering too long terms as has been the abuse in the use of installment accounts.

The second step to which I refer, and recommend, requires the data regarding the percentage of past due and worthless accounts that are the result of the use of loose methods and this accruing from the class of merchandise to which I have referred and should not be sold on the monthly plan.

As another major element in our program for the future, let's analyze how we can build up and improve our system of records and our departmental organization so as to solve the problem of lost personal contact with the customer. While all of the best methods of handling this problem are familiar to most of you, let me briefly mention:


FIRST: In many cases we can improve our grasp just where we are by a careful analysis each month on our existing accounts:

(In this connection, many firms use the system of cards to show the exact age of the account or the unpaid portion on the installment account and to record the effort that is being directed toward the collection of the account.)

- a) Monthly summaries showing the total outstanding accounts.
- b) The total and percentage of accounts which are 2, 3, 4, and 5 months old or older.
- c) A record of figures that will provide a comparison with the previous month and year, not only with the regular open accounts, but on the installment items and on each major class of this business will provide an accurate picture of just where we stand.

(Continued on page 30.)

In St. Louis it's
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Mayfair
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You surely get it here.
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Intelligent Credit and Collection Control

By JOHN H. VAUGHN

Credit Manager, The Jones Store, Kansas City, Mo.

THERE is no doubt in my mind that this is the time for credit executives to take an inventory of themselves and ascertain whether they are extending credit intelligently and making collections promptly.

In my estimation, one of the most essential details in the extension of credit is the taking of a proper application. We are all familiar with the fact that an application must contain two essential things in order to justify the granting of credit. First, the customer's ability to pay. Second, the moral hazard or the willingness to pay.

However, we should at all times bear in mind the fact that a certain number of these accounts, at some time or other, must be collected, and in order to do this we must first be able to locate the debtor. Consequently, it seems imperative to me that we should have the names and addresses of the nearest relative and friend.

Other essential details are: The number of outstanding accounts at the time the customer is applying for credit; if he is buying his home or if it has been paid for; if his automobile has been paid for or if it is a drain on the family income. There are innumerable questions that could be asked that would help us grant credit intelligently, but I am of the opinion that it is not wise to go to extremes at this time.

A great deal of our inefficiency today is due to the natural slump to which we retire after having been on the job for some time. I believe that credit men and women are more embarrassed when taking an application than the customer who is giving the information. It has always been my theory that the customer is more or less prepared to give sufficient information to justify the extension of the credit which he has requested.

However, the average credit manager will hardly go further than to inquire regarding the customer's employment. I would like to call attention at this point to the golden opportunity that is ours to have a complete understanding in regard to our monthly terms when taking the application. If we overlook this advantage the next opportunity we have to talk to the customer will, in all probability, be when he is unable to pay the account in full on the date due and is asking for an extension.

Collection costs, through various mediums, of the entire country, constitute twice the amount of money spent

on credit investigations. If this situation were reversed, our collection percentage might tell a different story, and the results should be more pleasing to the owners of our business, which brings us to the fact that adequate investigation is of paramount importance today.

In the past we have extended credit on information which we deemed reliable and which was nothing more nor less than neighborhood gossip or similar information of no greater importance. Such information is not sufficient to meet present-day requirements.

There was a time when the older credit men of the country were forced to pioneer the field of credit extension. These men were not supplied with authentic information and it was necessary that they extend credit and make collections with this type of information. The results they accomplished seem to be nothing short of a miracle.

Because of the great need under the existing conditions, the entire country turns for support to well-managed, capable credit bureaus. This community (Kansas City) is unusually fortunate in having a bureau of this type, which is consistently striving to do more and more for the credit men and women of this locality. This fact alone should prompt each of us to give our local bureau the most earnest cooperation.

Our local bureau at this time has instituted a new service, which they term the reciprocal report. Whenever you are listed as a reference you are entitled, after giving the information you have on this particular party to your bureau, to call back immediately and receive the up-to-date report for a nominal fee. This is a service that will greatly benefit us all and offers us such a splendid opportunity to make a recheck on the old accounts that have been on our ledgers for many years, also a recheck on the old accounts that are becoming slow.

Another important feature is that the inactive accounts that have lain dormant may then be revived through promotion, with sufficient information to place you in a position to determine whether or not you desire to solicit this customer. This brings out the important fact that we should all strive to answer listings and inquiries on our customers, which come through the bureau, as quickly as possible so that credit managers will be in a position to give their customers the service to which they are entitled.

It has been a practice at The Jones Store Company for some time to put a temporary "close" against additional purchases on past due accounts. I feel, and I believe that all credit men agree with me, that, if a customer is unable to pay the bill which is past due, he certainly will not be in a position to pay for additional purchases on the tenth of the following month.

I believe that everyone who has anything to do with credits and collections is in accord with me when I say that collections are being handled in a more prompt manner at this time. However, we should all discontinue "shadow boxing" with 90- to 120-day accounts, and it rests entirely with the credit men and women to instigate immediate collection as an unusual delay in collections means a larger percentage of accounts to be charged off.

We all have our methods of collection which, we conscientiously feel, enable us to extract money from our slow customers. However, after these various methods have been tried and found wanting, these accounts should, without further delay, be transferred to the office of your collection medium, not only to insure payment but to let your customer know that a monthly account in your store is not a three- to six-month proposition.

It is to our advantage to transfer these accounts to the collection affiliates of our bureau as we must all be of the opinion by this time that they are making every effort to assist us in impressing upon the general public the advisability of prompt payment. Therefore, I heartily recommend that your past due accounts be given to your local bureau for immediate disposition.

When a customer desires to reopen an account which has been closed due to the slow and unsatisfactory manner in which it was paid out, I have instructed the employees of my office that a new and complete application is necessary. I feel that we are entitled to a more rigid investigation than we were when the account was originally opened. This application is then cleared through our credit bureau for a complete check-up. I find, in my experience, that the majority of these accounts are declined.

However, on the accounts that are reopened; it is our policy to have a thorough understanding in regard to our monthly terms. If it is not possible to have a personal understanding with the customer, we have a special letter which informs the customer of our terms so that there cannot possibly be a doubt in his (or her) mind that we expect the account to be paid on the tenth of the month following the date of purchase.

We credit men have but little appreciation of the value that an interchange bureau gives us, and I think this is the time for credit people to take a keen interest in their position and it is necessary to take advantage of every opportunity that is offered to grant credit in these times. Only through the most consistent cooperation among ourselves and with the credit bureau may we ever hope to meet present-day conditions with intelligent credit and collection control.

The Credit Code « « An Appeal to Reason

(Continued from page 15.)

it is impossible to hope that the merchants and credit men will fall precipitately for the proposition. The selling of the idea of the code is going to require considerable effort, boldness and aggressiveness on the part of those who have seen fit to interest themselves in this proposition.

No community will succeed in putting the code idea across unless there is a give-and-take and compromising attitude on the part of all. Your chairman humbly begs the merchants and credit men not to wrangle over details or apparent inconsistencies on the part of some who may be over-conservative.

I am begging that, in all you do, you be influenced by the philosophy rather than mechanics of code, realizing that it is conformity to the principle and spirit of the code, rather than to the exact letter of the code, that is being requested. Unless all are motivated by the best interests of all—the merchant, the credit man, the public, and the bureau manager—and unless all selfish motives are suppressed, the code theory cannot succeed.

More than likely by the time this issue of *The CREDIT WORLD* goes to press, copies of the various codes will have been presented to all committeemen, with suggestions as to how to proceed in presenting the proposition to their local merchants and credit men. Every reader hereof is invited to be as caustic as may please him in his criticism, provided that criticism is constructive, for in the final analysis your Advisory Committee is a most impersonal one—interested only in promoting finally that code which may appear to please the greatest number involved.

In your chairman's opinion this is the most important matter that has ever been presented to the credit men of the country through your National Retail Credit Association; and, unless the most perfect cooperation is accorded this plan, the ambition to see a community credit policy in every city—which ambition has been in the hearts and minds of the more progressive credit men of the nation for a decade—will fail of realization, and it may be another decade before the plan is again proposed.

If ever there was a call to arms, this is it!

» » »

Pittsburgh Credit Men Honor Truesdale

At the meeting of the Retail Credit Men's Association of Pittsburgh, held September 18, resolutions were adopted expressing appreciation of the honest and faithful service rendered by Mr. John R. Truesdale as Secretary of the Association and he was presented with a magnificent "Hamilton" watch. Mr. Truesdale, who recently resigned as manager of the Pittsburgh Credit Bureau, has returned to his home in Youngstown, Ohio.



The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience . . .

THIS month's problem for The Credit Clinic: "Who has developed a 'perfect'—workable—understandable—accurate—system for aging accounts?" brought in a number of interesting, helpful articles—more than we were able to find space for in this crowded issue.

So this problem will be continued for further discussion in the November issue as we have two more very thorough plans (illustrated with numerous forms) and others are promised. If you have an answer—any criticism—or any suggestions—by all means send them in.

"Exceedingly Orthodox . . . and Exceedingly Simple"

Our method of aging our accounts is exceedingly orthodox and I might also say exceedingly simple. We have no fancy frills or no peculiar short-cut methods in getting the information desired.

Our collection cards are set up as doubtlessly all collection cards are set up in virtually all retail stores. That is to say, the outstanding balances are allocated to the months in which the business was transacted, and payments are always applied against the oldest part of the account.

Once each month, in addition to arriving at our percentage of collections for the month, my department also reports to me a breakdown according to age of the remaining outstanding balances. This is done simply by tabulating information obtained from the collection cards and adding together the total figures so obtained.

Our collection cards having only accounts that are more than sixty days old, we are thus enabled only to secure an accurate figure of the total of outstanding accounts receivable three months old and older. We do obtain this way the total of outstandings for 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 months, and in one bracket all outstandings older than one year.

The total of this breakdown deducted from the total of outstandings necessarily gives us the total of outstandings one and two months old. And then, assuming that few, if any, customers pay a bill before it is rendered, we adopt the current month's "Net Charge Sales" as the thirty-day bracket, and by the process of elimina-

tion secure as sixty-day outstandings the differential between that and the total of one- and two-months-old business.

I believe that all credit departments ought to take the time necessary to secure a report by aging of all outstanding accounts. It takes a little time, of course; our entire collection department takes probably two full days each month to get this information, but it is valuable and will always show you better (from my point of view) than the actual collection percentage, how good or how bad a job your entire department is doing.

It also gives you an opportunity to study the trend of paying habits, as by comparison of figures obtained a month prior, you can learn what portion of the money received from your Accounts Receivable applied to current business, two-months-old business, three-months-old business, etc.

Studying this trend has opened my eyes to the fact that although our total percentage of collection turnover has in the past three years on an average fallen away not more than two points per year, the percentage of our customers that are paying current bills now immediately upon their rendition, or within thirty days thereafter, has dropped off three times as much! In other words, although about the same proportions of our accounts are paying now as did two or three years ago within *thirty or sixty* days, only about half of the proportion are now paying in thirty days that did three years ago.

This may not be considered a serious situation, but noting the trend we are on the alert to prevent the sixty-day people from drifting into the ninety- or deferred classes. We think this information alone is well worth the time taken to acquire it.

—L. W. HILBERT, Credit Manager, Stewart & Co., Baltimore, Md.

"More or Less on an Experimental Basis—"

We have been analyzing accounts since the latter part of May this year more or less on an experimental basis. Our method is rather primitive, but it has served its purpose during these few months to satisfy us that the results obtained are well worth the additional time necessary to produce the analysis.

Each month before the statements are mailed out, they are sorted into two piles, one with only current purchases and the other with those statements showing any past due balance. The statements in the past due pile are then listed on a 14x17 columnar sheet giving the name, address and balance at the time the statement is listed. We have room on the analysis sheet for the current month's purchases plus five additional months.

Our practice is to start our analysis as soon as the statements are listed and in the mail. We are analyzing approximately fifteen hundred accounts out of a total mailing of around five thousand. As all payments on delinquent accounts are listed on the analysis sheet each day as received, it is a very simple matter to insert the proper figures on the new analysis sheet in conjunction with the ledger and the previous month's analysis.

There is no question but that the analysis of monthly accounts gives us a far better control over our accounts receivable than any other system so far devised. It permits us to intelligently follow up our collections on delinquent accounts on a more systematic basis, prevents a duplication of effort in the collection department and has resulted in a consistently better collection method each month since it has been in operation.

As the writer stated above, our method is very crude, but we have not installed a permanent system in our bookkeeping department as we are not entirely satisfied on the efficiency of the various systems that have been submitted. However, we are continuing our investigation along this line and will undoubtedly install a permanent system before the winter season starts. We are going to look forward with a great deal of interest to next month's issue of *The CREDIT WORLD*, as we feel sure we will be able to obtain some very valuable suggestions based upon the experience of others in analyzing their accounts.

If you would like any further information regarding the manner in which we handle this phase of our business, we will be glad to hear from you. In view of our more or less experimental efforts, we thought it best not to go into too much detail in giving you an idea of what we have accomplished.

—PHIL SCHAEFER, *Manager, Credit Department, Burdine's, Inc., Miami, Florida.*

Foley Brothers' System

We use the unit plan of posting: Ledger sheet, statement and proof in one operation. Our statements and proofs are made up in an analysis form of one month, two months, three months, four months and over four months. The analysis proof is used from month to month in aging our accounts; for an example an account on October 1st is distributed on statement and proof as shown in Figure 1 at the bottom of this page.

A payment of \$15.00 is then made October 15th. This is applied against the oldest balance and in this instance would be applied against that portion of *four months and over four months old*, reducing the balance to \$60.00. The statement and proof sheet on November 1st, provided no purchases were made during October, will then read as shown in Figure 2.

These payments are marked off from this proof daily and at the close of our books each month our operators take this proof, pick up the balances as shown by the proof which with the previous month's purchases should balance with the account itself, thereby serving as a double check to the correctness of the account. We are thoroughly sold on our method of aging accounts and feel that our plan is most simple.

Advantages

Distribution on statement in analysis form helps collections.

Analysis proof shows daily payments on accounts although operators may be behind in posting to the account on ledger. Analysis proof enables our Collection Department to work directly from analysis proof and thereby does not in any way interfere with the use of the ledgers for posting and eliminates the possibility of the Collection Department working an account that has possibly been paid, which payment has not been recorded on the account either through delay in posting or in error.

This monthly distribution of totals is very valuable in giving at a glance, the general condition of the accounts, thereby acting as a barometer against profit and loss before it is too late.

—M. WEINSTEIN, *Credit Manager, Foley Brothers D. G. Co., Houston, Texas.*

Figure 1—Analysis Proof of Foley Bros. D. G. Co.

Outstanding Over 4 Mo.	Outstanding 4 Months	Outstanding 3 Months	Outstanding 2 Months	Outstanding 1 Month	Balance
\$5.00	\$10.00	\$30.00	\$20.00	\$10.00	\$75.00

Figure 2—Analysis Proof

Outstanding Over 4 Mo.	Outstanding 4 Months	Outstanding 3 Months	Outstanding 2 Months	Outstanding 1 Month	Balance
	\$30.00	\$20.00	\$10.00		\$60.00



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

ON THURSDAY, September 14, representatives of the Legislative Committee of the National Retail Credit Association met in conference with Secretary Roper and later with Assistant Secretary Dickinson and urged the creation of a committee on credits within the Long Range Planning and Economic Advisory Committee, the advisory body organized by Secretary Roper several months ago, to study measures affecting credit.

Among other problems, the Legislative Committee has had laid before it several definite plans having for their object the easing of credit; one of which is formation of community groups of merchants through the medium of a loaning corporation to be financed by the Reconstruction Finance Corporation. The proposed corporation would endorse notes of private industry units for discount by banks. The plan is said to be receiving serious consideration.

Legislative

Chicago and New York Bankruptcy Studies Under Way

Representative Hatton W. Sumners, Chairman of the House Judiciary Committee, has just returned from Chicago where he made a preliminary bankruptcy investigation but has not as yet made public a report of his investigation.

Representative Emanuel Celler, of New York, Chairman of the subcommittee on bankruptcy investigation, has been doing a great deal of preliminary work in New York and has stated that he expected to have the public hearings begin shortly. No definite date, however, has been set for any of the hearings, though preliminary work is being gotten under way.

Government Revenue Increasing—Current Expenditures Decreasing

The pocketbook is the sensitive nerve and as taxation is touching that nerve deeply, what the next Congress is going to do in the matter of taxation is causing some thought in Washington. Fortunately, recent returns show government income markedly increasing over that of last year while current expenditures, so-called, are dropping. With the almost certain repeal of the Eighteenth Amendment, a large revenue is expected to be developed from that source and unless something unforeseen occurs Con-

gress may not pass a taxation bill increasing rates. If a bill is passed it is apt to be rather in the nature of an adjustment of inequalities, in this respect translating into legislation some of the results of the studies on taxation duplication conducted by committees of the two bodies of Congress.

Departmental

Public Works Developments

While the volume of retail sales has improved over the same period of a year ago, it is thought that not much of this improvement is to be attributed to the Public Works program. While the Public Works staff has been working night and day the very nature of the projects requires time to put into execution and for this reason their stimulating effect is said to be just "beginning to commence."

Among the projects of outstanding interest that are being considered are the Saint Lawrence Waterways and a number of sewage disposal plants, among others for the cities of Chicago and Washington. Increasing pollution of streams is forcing attention to this phase of sanitation but developments of modern sewage disposal plants still present some difficulties. However, Hagerstown, Md., within the past thirty days has put into operation a sewage disposal plant embodying latest improvements, including sanitary sludge disposal.

Results of Postal Rate Study to Be Made Public this Month

Current expenditures of the Post Office Department for the year ending June 30, 1932, were approximately \$793,000,000; for the fiscal year ending June 30, 1933, approximately \$100,000,000 less; and for the fiscal year ending June 30, 1934, they may be approximately sixty to sixty-five million dollars less than 1933, or current expenditures ending June 30, 1934 of around \$625,000,000.

Complete returns as to the effect on postal revenues of the reduction of first-class mail from 3c to 2c for local delivery are now being analyzed and estimated by Post Office Department officials and should be made public by the time *The CREDIT WORLD* reaches you. The figures are said to show a loss of around 10 per cent for larger centers but at this writing the loss cannot be estimated for the country as a whole. It would appear, however, that there is not much prospect of the President making the reduction applicable generally rather than locally.

On the other hand it can be said that as a result of the decrease in Post Office Department current expenditures postal rates will not again be increased to 3c for first-class postage. At least to this extent, the National Retail Credit Association and its members are to be congratulated for their close attention to this situation.

Seventh Retail Credit Survey to Be Released October 20

The report on the Seventh Semi-Annual Retail Credit Survey was forwarded to the Government Printing Office on September 28. This report contains results on kinds and extent of credit business, the terms and allowances, collection percentages, etc., for eight lines of retail trade, viz., department, furniture, jewelry, men's clothing, shoes, women's specialties, electrical appliances, and auto accessory establishments.

Twenty-nine cities, geographically located throughout the country, are represented. Copies are expected to be available around October 20.

Latin-American Tariff Relations Being Studied as Basis for Increased Farm Exports

Wholesale prices are continuing to advance, as figures of both the Department of Labor and Federal Reserve Board show but some prices are lagging behind others and among others there have been some decreases in grains. The principal complaint of the farmers as registered in Washington seems to be that they are still paying more for what they purchase in the way of farm machinery and kindred supplies than what they are obtaining for their farm products.

This situation may be improved by studies now going on in tariff relations between this and other countries, principally Latin-American countries. These countries for the most part produce raw materials which do not come in conflict with American raw materials and they are in a position to purchase larger amounts of American manufactured products, if proper credit facilities could be arranged. This phase of the problem is now receiving attention in Washington, especially in connection with exchange facilities.

France and Belgium are said to be largely selling to South America through a clearance system which obtains fairly prompt payment for French exports to those countries and also prompt payment to Latin-American countries for their exports, thereby greatly facilitating the exchange problem to the advantage of French and Belgian exporters.

America is said to be handling this situation not as a semi-governmental proposition as in France but by mutual arrangements between American merchants and those of Latin-American countries. However, as a whole, the situation in South America is said to be slowly improving and if it continues to improve may afford added stimulus to the improvement in American business.

Court Decisions

An Important Ruling on Deposits in "Failed Banks"

In *Ill. Cent. Rd. Co. v. Rawlings*, The U. S. Circuit Court of Appeals (5th Circuit), recently made some interesting observations anent the claims of depositors against failed banks. It would appear from the decision of the Court that if depositors can prove that the deposits were made on the faith of representations by banking officials that the bank was solvent but that as a matter of fact when the deposits were made the bank "was hopelessly and irretrievably insolvent and known to its officials to be so" then the assets of the bank in the hands of the receiver are impressed with a trust in favor of such depositors.

Trustee's Sale of Bankrupt's Assets—Without Con- firmation of Unsecured Creditors—Set Aside

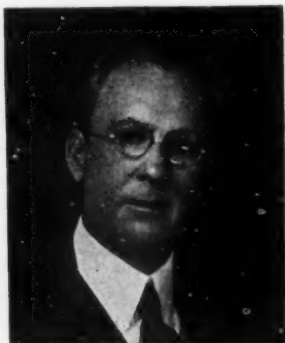
In *Currin v. Nourse*, the Circuit Court of Appeals, (8th Circuit), recently reviewed the action of a trustee confirming a sale of the bankrupt's assets and refusing to permit the unsecured creditors an opportunity for investigation upon the proposed sale of the assets and for a hearing thereon.

The Court held that the referee had abused his power in denying the unsecured creditors an opportunity to be heard fully upon the question of the approval of the sale and in the course of its opinion made caustic comments upon the conduct of the referee. The sale in the instant case was set aside with directions to permit the unsecured creditors to be given full and fair opportunity to be heard upon the confirmation of the sale of the bankrupt's assets.

On September 7, a petition for a writ of certiorari was docketed in the U. S. Supreme Court in *Spurlock et al v. Security Building and Loan Association*, praying the Court to grant a rehearing and reversal of a decision of the Circuit Court of Appeals, for the 9th Circuit. That decision held in effect that the corporation whose acts are complained of is a building and loan association within the purview of the amendment of Feb. 11, 1932, to the Bankruptcy Act, amending the Act so as to exempt such organizations from its operation.

The District Court held that while the building and loan association was chartered as such yet as a matter of fact it was not a building and loan association and, therefore, adjudicated it a bankrupt. A reading of the petition to the Supreme Court certainly raises doubts as to the wisdom of Congress in having placed building and loan associations beyond the purview of the Bankruptcy Act, by its amendment of Feb. 11, 1932.

The petition is replete with allegations of fraud and those frauds of such nature that a thorough ventilation in a court of bankruptcy would seem to be the proper procedure. The petition asks the Supreme Court to determine for the benefit of the investing public the meaning of the term "building and loan association" as used in the amendment to the Bankruptcy Act in question.



Credit—Mainspring of Distribution

By J. VICTOR DAY

Asst. Treasurer, Smith, Patterson Co.,
President Boston Credit Men's Association

[[An Address Before the Boston Conference on Retail
Distribution, Boston, Mass., September 18, 1933]]

THOUGH we select merchandise with discrimination and judgment, though we market goods with skill and effectiveness, though we administer business with economy and efficiency and have not credit, it is as nothing.

Retail distribution would be cramped without some form of credit entering into the process. Credit is the life blood of all business, whether in production or in distribution.

Unless credit causes goods to circulate normally through the arteries of trade, there is no life, no profit to business. This may be a commonplace statement, but for this very reason its truth is vital and needs emphasis and reiteration. The experiences of the last four years, of people in every walk of life in every section of this country and of the world, have focused attention as never before upon credit.

Credit is the essential element in commercial intercourse in whatever form it may find expression. Credit is international in its outlook, plays no favorites, and is inexorable in its operations. You cannot violate the fundamentals of credit with impunity.

Now we are all prone to use words from day to day without complete grasp of their meaning. It may not be amiss then for us to define "credit." It is of course impossible to find a definition that is all inclusive but put simply:

Credit is a method of exchange; it is the power to purchase merchandise or services on the promise to pay at some specified date in the future. It matters not, then, whether as retailers we sell merchandise strictly for cash or on credit terms, we are affected by credit at every turn. The value of the very money we use is a reflection of credit conditions.

We must buy before we can sell, so that the credit standing of buyer and seller are interrelated and mutually significant. Credit, therefore, compels cooperation and by its very nature makes for community of action.

To my mind, one of the most significant revelations of the depression through which we have gone (and I use the past tense advisedly) has been the determined effort of American citizens to preserve their credit. No sacrifice has seemed too great, no effort too difficult for

those who have been determined to maintain their financial integrity.

And yet we all know that in spite of every effort there have been many cases where the strain has been too great for the individual or corporation to stand. I speak not of those who have been crooked by design, but of those individuals and concerns who have failed because of influences over which they had no control.

Charge accounts, I affirm, have done more to facilitate distribution in the retail trade than any other agency yet devised. The convenience of a charge account—to those who have established credit—has stimulated buying, which is a vital part of the NRA program.

Imagine, if you can, the curtailment of retail distribution without the medium of exchange known as credit. It follows naturally and inevitably that the wider the expansion of sound and controlled credit, the wider and more rapid the distribution of merchandise and the diffusion of general prosperity. If retail distribution were confined to cash transactions or to a method of exchange less flexible than credit, the fluidity of commerce would be checked and progress impeded.

The charge business of our retail stores has grown tremendously during the last twenty-five years. The charge coin has supplemented the coin of the country. It has been estimated that about 50 per cent of the volume of our retail business is done on credit. What this means in sustaining and increasing retail distribution, no man can measure.

The installment system, too, is here to stay, but like all "stimulators" of distribution, must be intelligently controlled. Credit departments are today, therefore, subjecting all installment accounts to the same rigid examinations given regular charge customers, so that the clientele of installment houses is improving in character and dependability.

Losses on bad debts on regular charge accounts when at their highest point reached only $1\frac{1}{2}$ per cent, and on installment accounts approximately 5 per cent. Compare, if you will, you men of merchandise, these figures with the losses you have sustained on goods because of market conditions, and how much greater these losses would have been without the aid given by sales on credit.

The turnover is greatly accelerated by charge accounts, and mark-downs on goods in stock minimized. This fact is so well understood, that the Federal Government has recently passed certain laws which, among other things, tend to promote confidence and to encourage the buying public to buy.

Such devices as the Reconstruction Finance Corporation, the Home Loan Bank, in fact all the various agencies introduced by our government to build up our credit structure have, accordingly, a direct bearing upon retail distribution. A sense of security has thus been developed, and the disposition of the public to purchase, encouraged.

But at this point we need to observe the need of control among the merchants themselves.

One of the most ruinous practices which has prevailed in recent times has been competition in terms of sale. The manufacturer, the wholesaler, and the retailer are alike guilty and have employed, in their feverishness to increase sales, this demoralizing method of competition. Quality and price and service should be the supreme factors in marketing, and trading in terms should have no place in business solicitation.

The NRA recognizes this evil, and in the oil industry has established maximum credit terms, and, undoubtedly, if this phase of control works out successfully, other businesses will be brought into line. Uniformity of terms is an ideal, difficult but desirable of attainment. And while this regulation of credit procedure may tend temporarily to restrict retail distribution, it will eventually stabilize and strengthen sound marketing.

The recent appeal of President Roosevelt to the banks to release credit is closely related to the problems of retail distribution.

The NRA program is designed to bring back that sense of public confidence so vital to the restoration of normal conditions. Unfortunately, there are still those who persist in sneering at all inspirational appeals and all assertions of faith as mere ballyhoo.

But the fact remains that affirmation is stronger than negation, confidence more constructive than fear, and belief a greater builder than doubt. The material facts set forth by the man of statistics are important, but the spirit of confidence in the hearts of the people is indispensable. Credit is based upon this confidence.

Credit comes from the Latin word *credo*, meaning "I believe."

Let us supplement the facts, then, presented in this great conference, with these assertions of faith:

I believe in the possibility of wider distribution of wealth and of merchandise.

I believe in the financial integrity of the American people.

I believe in the ultimate triumph of the New Deal.

I believe in the United States of America.

The President's Message

Arthur P. Lovett

President, National Retail Credit Association

YOUR President, Manager-Treasurer Woodlock, Secretary Hulse, Mr. McDaniel, counsel, and Mr. Leahy, engaged as extra counsel, journeyed to Washington, D. C., for a conference with the Attorney-General's office in connection with the injunction suit. Our case was put up by our attorneys and others of the committee in such a manner that we came to a very satisfactory settlement of the controversy.

Following this, our attorneys, Manager-Treasurer Woodlock and Secretary Hulse appeared before the judge in the court in St. Louis and satisfactorily settled the entire matter.

I, personally, feel that the settlement reached should meet with the approval of everyone interested in our National Retail Credit Association. The minor changes which we are making in our rules and regulations in no way affect our national set-up. In handling this matter as it was done, I feel that we have saved many thousands of dollars for our association.

Now that this is out of the way, your national officers in the Home Office will be relieved of a great worry and extra work and they will be enabled to give their time to the upbuilding of our association.

We will devote all of our time to membership work and ask the cooperation of every credit executive in the country and every credit bureau manager to put on a drive for membership. This is of vital interest to our national association at this time, and I sincerely hope that every man who reads this message will form himself into a committee of one and bring in at least one, if not more, new members within a very short time.

I realize that many of the smaller merchants feel that they cannot afford to hold membership, yet the credit executives and the credit bureau managers know that there was never a time when membership and full cooperation were more necessary to the large and small merchant than at the present time. On this basis alone I believe that memberships can be sold provided we are willing to give a little of our time.

There was never a time when our national association needed your cooperation more than it does now. We have met a great crisis in our national association's affairs. It has been met successfully, and you should have the fullest confidence in the future of the association.

The Transition of Credit Granting

(Continued from page 20.)

SECOND: Many of our credit managers have found that their collection problems are greatly simplified by classifying accounts on the basis of the extension of delinquencies and by employing a different method of approach in the contacting of each of these classes of customers.

Where volume warrants, it has frequently proved desirable to place all accounts in each age classification into the hands of a separate individual or collection clerk. This produces two good effects. It permits a closer personal touch with and more contacting of the customer, and, too, it stimulates the collection effort of each employee.

For illustration: the clerk in charge of the four-months-old accounts is especially anxious to collect as many of these items as possible, since, when he, or she, has succeeded in doing so, the account goes back into the three-months classification and will be handled by a different division clerk.

THIRD: There can be no doubt that sound credit practice today requires a more exhaustive analysis of the paying habits and paying power of the customer. Use your bureaus and get the facts.

FOURTH: We are not going to cut our losses down to where they should be until we have increased the extension of our cooperation with one another through our credit bureaus. Having already dwelt on this subject, I am passing this point by with only a reminder that with the use of such bureaus our credit losses can be reduced and our departments, as a whole, operated more successfully.

Our program for the future thus involves these simple and important policies. All of us recognize their significance. Our problem is to resolve to put them into practice. Let us see to it that in the future we cooperate with one another regarding the types, terms and extension of our installment credit granting; that we establish effective methods of account analysis, collection, customer analysis and interchange cooperation; that we sell our managements on the necessity of conservatism in installment business.

Along with these steps let us take two more. We should ever keep in mind that great truth that retail credit management is not clerical or routine type, but rather that it is a profession of the highest order and of the deepest responsibility. The credit manager is called upon to be at one and the same time an analyst, a semi-controller, a manager, a salesman, etc.

If we fail to rise to the grave responsibilities that rest upon us, we are certain to drive business from our organization regardless of the efficiency of the sales force and the profit that might be realized from the sale is certain to be wiped out through negligence or misconduct of the credit manager. With this idea in mind, and as our second step, let us continually tactfully impress upon our executive management the importance of adequate budgets and sufficient authority to carry on our work.

The nation's outstanding economists tell us that our present financial problem is primarily a credit phenomenon; that the misery and want of these trying times can be

directly attributed to careless, unsound, and uncontrolled credit granting by everyone from our great international bankers down to the peanut-stand proprietors. Let us resolve that in the future such an indictment shall not apply, even in part, to us.

Let us accept and adequately administer that high duty of safeguarding our country's retail credit structure, recognizing that in retail credit there lies the foundation of all national prosperity.

It may be said that no business can operate if its products are not sold at a reasonable retail price, providing a reasonable margin of profit, and if the account which represents the sale of merchandise cannot be collected, then this places us in what may be properly termed a key position. The way in which we carry on our work during the next two years may determine the entire economic future of our great country. If we meet our problems as professional men, and as scientists, we will then pave the way toward economic recovery. The question is, will we meet our problems in this manner? This is our challenge of the future.

To meet this challenge we must, in every possible way, instill and inspire the interest of each credit granter in doing his own job right, so that it will fit into the next fellow's and make the whole thing stronger. The more interest and the more pride we gain on points in our individual work, the better citizens we shall be, but the greatest incentive and our keenest pleasure in the work that we all share together, is the job of accomplishing greater things in our profession.

We can each contribute our humble part. In so doing we feel the joy of joint accomplishment. We all know the thrill of team play and what can be accomplished through team spirit. We can all have the satisfaction of knowing that we have played the man's part, working shoulder to shoulder with other members of the credit fraternity and by giving every ounce we have. There is no higher incentive, nor richer reward, so I humbly plead with you for cooperation—for ultimate success.

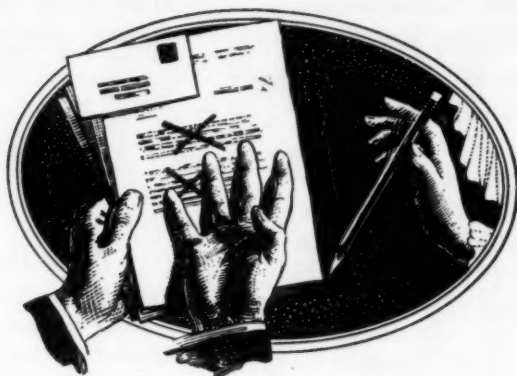
AN OFFICE CLERK OR A CAPABLE CREDIT EXECUTIVE AND MANAGER?

To boards of directors of Chamber of Commerce and merchant owned Credit Associations, this message is directed:

A bureau manager, thoroughly experienced in all phases of the work—an efficient, conscientious organizer and promoter with a highly successful record of profitable achievement and bureau development—desires to establish connections in larger field with greater opportunities, or will consider opening and installing, or operating collection department in connection with successful bureau. Will require 30 days to clear present connection.

Give details as to type of city, population, drawing territory, available membership, present condition of bureau in your reply.

Will furnish complete details on inquiry. Box 101, Credit World.



TO MY BOSS

... if he wants me to be a better Secretary

I AM writing this note because I do not want to bother you during office hours, particularly at a time like this.

You are patient with me, and you make an effort to conceal your irritation over the occasional misspelled words, incorrect capitalizations, or grammatical errors that somehow creep into my work. To err may be only human, but I know that we can not afford errors. I want to do better.

I need some assistance more dependable than merely asking others in the office when I am uncertain. That not only wastes time, but still leaves room for the dangerous element of guess-work.

Now there is something I wish you would do to help me give you better work. An absolutely unique book has just been published, called **THE SECRETARY'S DESK BOOK**, which combines a Complete Dictionary with a comprehensive Manual of correct usage and business practice. It not only answers all questions of Style, Grammar, Punctuation, Abbreviations, Business Letter Writing, Diction, Spelling, Combining Words, and so on, but it gives *actual examples* so that I can't go wrong.

It even contains such invaluable extra helps as whole sections on Writing Reports, Filing, Minutes of a Meeting, Legal Forms, Planning Itineraries, Telegraph, Cable, and Radio, Manuscripts, Copyrights, Trademarks and Patents, Bibliographies and Indexes, Parliamentary Procedure, Resolutions, Reference Sources—in fact, *everything* vital to the successful execution of my duties. And in addition to the complete dictionary there are special indexes of Business Terms, Foreign words and Phrases, Weights, Measures, and Standards, Persons and Places, Signs and Symbols.

Will you permit me to send for this book? If you will OK the order, I should like to get it at once, with the promise that I will use it and study it conscientiously. And by helping me in this way, I feel that I shall be helping you, too. I shall be sincerely grateful to you for your approval.

Your "Secretary"

YOURS TO USE FOR 5 DAYS

SEND NO MONEY

Secretaries to many of the most prominent men in America are highly enthusiastic over this new 1287-page, thumb-indexed **SECRETARY'S DESK BOOK**. Let us send you a copy with our *guarantee* that not only your secretary, but everyone in the office will find it an indispensable source of daily reference. *Anyone* who uses words—who must rely on them to give the best impression of his firm and of himself—who wants his correspondence and his daily work to be correct, effective, and a credit to him—can profitably use this remarkably complete new source of help. Clip and mail the coupon below without money (unless you so prefer). When postman delivers the book to you, pay him only the price of style selected plus a few cents postage.

Then let this remarkable volume *prove* its value. See for yourself how quickly it will improve your correspondence and every item of office work. See how much you will wish to refer to it,—and how readily it will put exactly the information you want right at your fingertips. But if at any time within five days—for any reason—you wish to return the book, we will immediately refund the amount you paid. That is how convinced we are that once you have seen this immensely practical, helpful volume "at work," nothing could take its place. Mail coupon today to The John C. Winston Co., 900 Winston Bldg., Philadelphia, Pa.

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PLEASE send me **THE SECRETARY'S DESK BOOK**, comprising 1,287 pages.

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☐ If you wish to save postage costs, inclose the price of style selected with this coupon and book will be sent postpaid. Same return privilege applies, of course.

"REAL HELP" Say these Secretaries . . .

"This book is invaluable to any secretary and I would recommend it without reservation."—Mary A. Dougherty, Secy. to Mr. du Pont, E. I. DU PONT de NEMOURS & CO.

"Without a doubt a most complete, handy volume of practically all the helps a secretary needs."—M. C. Q. Leach, Secy. to the President, NEW YORK LIFE INSURANCE CO.

"A very valuable part of the equipment of a secretary's desk."—L. O. Chasey, Secy. to the Governor, STATE OF INDIANA.

***Immediately upon publication the METROPOLITAN LIFE INSURANCE CO. ordered 57 copies—one for each stenographer in its Transcription Dept.

Quick and Accurate Credit Authorization In the Buffalo Statler Dining Room

(Continued from page 18.)

"gold" credit cards and should receive special or preferential treatment are marked accordingly. That is, there are "gold" signals on the lines containing their names.

Mr. Zuger is enthusiastic over the fact that the system can be handled with great speed. He says: "It takes but a second for the cashier to examine the file. The customer does not have to wait. Indeed, the customer scarcely ever knows that his credit is being checked, so quickly is the file examined. Often, without taking the name and number on the customer's credit card in writing, the waiter merely glances at the card, memorizes the name on it and looks it up in the file without the patron ever suspecting that such a thing is possible.

"A glance at the name in the file instantly determines the status of the customer. We consider the file really indispensable in preventing disputes, losses, long waits and irritation. It is, in a word, an integral part of our dining-room operation—essential to the swift and smooth service that the Statler customer likes and has grown to expect."

» » »

"It's an Ill Wind—"

The NRA is rapidly pulling the hotels in Washington out of bankruptcy, just as the World's Fair has done for the Chicago hotels. Thousands of individuals have been in the capital for the past two months attending code hearings. One trade association executive remarked that trips to Washington had used up his traveling allowances for the next three years!

JOHN G. BULLOCK

Among the retail credit fraternity few men were held in higher esteem than John Gillespie Bullock of Los Angeles, who died suddenly on September 15.

His vision, energy and personal support made possible the development of the Retail Merchants Credit Association of Los Angeles, of which he was president for twelve years. He saw it grow from an uncertain venture to a service of untold value to every merchant in Los Angeles and achieve national recognition as a model for other communities.

He was a loyal supporter of the National Retail Credit Association, always interested in its activities.

Walter Zeip Now With Trorlicht-Duncker

Walter Zeip, who for nine years was a member of the credit staff of Nugent's Department Store, St. Louis, is now credit manager of Trorlicht-Duncker's (furniture and floor coverings) in Saint Louis.

» » »

New Books Received

THERE IS THIS ABOUT LETTERS—is not a book for credit and collection men! That is if they are just interested in "ready made" credit and collection letters. In fact it hardly touches on credits and collections.

But for the man who is interested in new ideas—who wants to get new inspiration for his letters—especially for charge account promotion letters—it's well worth reading. The book is really a series of lectures, originally given before the "Six O'Clock Club," a unique organization of Saint Louis letter writers engaged in various lines of business, who meet regularly to swap their letter experiences and ideas.

—(Gerding Publishing Co., \$3.00.)

* * * *

HOW TO COLLECT INSTALLMENT ACCOUNTS—written by S. W. Guggenheim—is a practical, sensible book covering every phase of installment collections. It is replete with actual tried and tested plans, methods and letters used in the course of business by the author who is the treasurer of a large eastern furniture store.

For the man who has installment collection problems, it is a Godsend—the best and most practical work on this subject which has come to our attention.

—(The Credit Press, \$2.00.)

* * * *

THE SECRETARY'S DESK BOOK—is a book that every executive might well have handy—although it is primarily intended for his secretary! It answers those "million-and-one" perplexing questions that come up in daily routine to plague the busy man: All those questions his secretary very sweetly asks him such as "How do you address a bishop, anyway?" "Do you mean 'effect or affect'—I never can get those two words straight," and so on. *Hand her the book and save time!*

—(Winston Co., cloth, \$2.90—Fabrikoid, \$3.50.)

* * * *

Editor's Note: Any of the books reviewed above can be furnished by the National Office at the regular price.

FOR SALE—Underwood electric bookkeeping machine. Excellent condition. Also Credit Telephone System, NCR make, office phone has ten outlets. Set includes office exchange, two extensions, and generator. Practically new. Address, Heyward Mahon Company, Greenville, S. C.

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